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ROYAL COMM. ON COAL

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Minutes ... 7

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ROYAL COMMISSION ON COAL

Stellarton,, Wednesday, Feb. 7th, 1945.

VOLUME XIII

WITNESSES:

Harold Gordon.....	Pages 1001 - 1037
W. J. Graham.....	1038 - 1056
Frank H. Sobey.....	1059 - 1063
Richard Cholmondeley.....	1064 - 1078

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919

EXHIBITS

- No. 52 - Submission of the Acadia Coal Co.
as a supplement to those of
Dominion Steel & Coal Corporation
Ltd. 7/2/45.....page 1001
- No. 53 - Topographical Plan of districts
in Pictou County coal field
7/2/45.....page 1005
- No. 54 - Section map showing outcrops of
seams in various districts of
Pictou County coal fields,
7/2/45.....page 1005
- No. 55 - Agreements between Nova Scotia
Steel & Coal Co. and Old Sydney
Collieries 7/2/45.....page 1032
- No. 56 - Brief submitted by towns of
Stellarton, New Glasgow,
Trenton, Pictou, Westville, and
Municipality of Pictou,
7/2/45.....page 1059
- No. 57 - Brief of Town of Thorburn
7/2/45.....Page.... 1064

WEDNESDAY, FEBRUARY 7, 1945.

The Commission convened in the Town Hall, Stellarton, N.S., at 10.00 A.M.

PRESENT: Mr. Justice W. F. Carroll, Chairman
Mr. Justice C. C. McLaurin, Commissioner
Angus J. Morrison, Esq., Commissioner
J. J. Frawley, K.C., Commission Counsel
J. L. Dubinsky, Assistant Counsel
Robert D. Howland, Secretary.

FRANK H. SOBEY, Mayor of Stellarton: Mr. Chairman, Commissioners, Ladies and Gentlemen: I take great pleasure today in extending a welcome on behalf of the citizens of the Town of Stellarton to the Royal Commission and all interested parties gathered here today. The Town of Stellarton, as the largest coal mining town in Pictou County, is vitally interested in the coal industry and in the part coal plays in the economy of an industrial country like Canada, and in the last five years we are all conscious that Canada is not self-sufficient in the production of coal. If we did not have a friendly neighbor to the south of who was willing to supply us with our coal needs, even to the extent of depriving some of her own citizens of supplies, I think our war effort would have been seriously affected. But when we see this vast amount of coal coming in from the United States we wonder if after the war the United States is going to try to retain these markets. Personally I feel that if the industry is to survive within our towns we have got to be provided with a market in Ontario and Quebec to keep our mines working steady. We should bear in mind that Nova Scotia is a large consumer of products from Ontario, Quebec, the Middle West and British Columbia. I think we are a large consumer in both manufactured products and farm products, and even fish products from British Columbia.

BY THE CHAIRMAN: On behalf of the Commission and those associated with it I thank you for your welcome. We have been receiving splendid co-operation from not only the coal operators and the miners but from the citizens generally throughout the Province. I think perhaps the most interesting brief we got from many standpoints was one presented in Kentville, in which they said with one voice that Nova Scotia coal is superior to the American form of anthracite coal so far as they are concerned; again, that the people who will prepare their coal a little better than they are doing will get the market in any country. We have a large market and perhaps in the past--that is a matter I don't know much about--we were not giving sufficient attention to the necessities of our own domestic users of coal. That phase of it was very interesting to me and to us, and not only interesting but most encouraging, that we are able in this country to do that and perhaps that is one of the things that will be done more widely in the future.

HAROLD GORDON. Examined by Mr. Frawley.

Q You are the general manager of the Acadia Coal Company Ltd.?

A That is correct.

Q And you have come here today to make a submission on behalf of that Company?

A Yes.

Q And you have the brief with you?

A Yes.

Exhibit 52 - Submission of the Acadia Coal Co. Ltd.
as a supplement to those of the Dominion
Steel and Coal Corporation Ltd.

MR. GORDON reads Brief:

Coal was discovered in Pictou County in 1798 but as far as is known mining operations were not started until 1807. Twenty years later, operations on a fairly extensive scale were started and since that time the field has produced some forty-four million tons of coal. During the past hundred years a number of mines have been brought into production in the field.

Many of them have been closed either through exhaustion of the area which they were laid out to work or through some disaster which forced their closure. At the present time the Acadia Coal Company operates three collieries in the field, the Allan, the Albion and Acadia #7.

The Pictou coal field lies in North-Central Pictou County, Nova Scotia. It is roughly elliptical in shape and is comparatively small in extent, measuring about eleven miles along its East-West axis and three miles across its North-South axis. The field contains three distinct series of seams, the oldest being the Westville Member. This series lies in the Western end of the field. It is in turn overlain in part by the Albion Member. The Thorburn Member, the youngest of the three, lies somewhat to the East of the other two.

The coal measures are of Pennsylvanian Age and the strata in which the seams were deposited consist, for the most part, of thinly bedded weak grey shales with a few thin sandstones and conglomerates. The field is bounded on the North by faults which have thrust it down several thousands of feet. On the South it is bounded, for the greater part of its length, by faults which have thrown it down a corresponding distance.

The seams in the Westville Member dip towards the North-East and their Eastern limits are concealed by the Albion Member. The seams in the Albion Member have a general dip to the North, reach the trough of the deposition and rise again at a steep angle. The Northern outcrops of these seams are not well defined because of the severe faulting in that area. The seams in the Thorburn Member dip to the North-West and, after reaching a trough, again rise to the surface. The coals in the Western limbs of the seams, particularly of the two lower and thicker seams, are much thinner than are the coals in the Eastern limbs.

The Albion Member is, without doubt, a drift deposit, that is, the vegetation which formed the coal was carried in

to its present location by streams. The Westville Member also shows evidence of drift origin while the Thorburn Member shows some evidence of being a similar type of deposit. The other coal fields of Nova Scotia are, by contrast, in situ deposits, that is, they were formed from vegetation which grew in the location in which the seams are now found.

Following the deposition of the Westville and Albion Members, severe ground movements took place which resulted in the folding and faulting of the strata, particularly in those of the Albion Member. The result of these ground movements is that in the Albion Member the seams are broken by several major faults and many minor ones. Operations are seriously hampered by them and by rapidly changing dips in some districts.

The seams in the Pictou Field are numerous and some of them are unusually thick. The Albion Member is rather unique in the number of seams it contains in a comparatively short geological section. A typical section of the field shows four seams in the Westville Member, thirteen in the Albion Member and five in the Thorburn Member. The two upper seams in the Westville Member have been extensively worked while the other two have been little more than prospected and are of low-grade coal. Six seams in the Albion Member have been intensively worked while the others are low-grade or have not yet been sufficiently proved in all districts to determine their economic value. In the Thorburn Member all but one seam has been worked to a considerable extent.

A typical section of the coal field is as follows:-

		<u>Thickness in Feet</u>	
	Captain Seam Strata	3' - 4'	57'
	Millrace Seam Strata	3'	62'
<u>THORBURN MEMBER</u>	MacKay Seam Strata	3' - 4'	590'
	Sixfoot Seam Strata	3' - 6'	750'
	McBean Seam Unknown strata estimated to be 2000'	3' - 8'	

		<u>Thickness in Feet</u>	
	Foord Seam Strata	30' - 40'	140'
	Cage Seam Strata	12' - 20'	140'
	Third Seam Strata	12' - 20'	75'
<u>ALBION MEMBER</u>	Purvis Seam Strata	3' - 4'	125'
	Flemming Seam Strata	5' - 7'	5'
	McGregor Seam Strata	12' - 20'	70'
	Acadia No. 1 Seam Strata	8'	150'
	Norah Seam Strata	6'	50'
	No. 5 Seam Strata	21'	50'
	No. 6 Seam Strata	5'	60'
	No. 7 Seam Strata	20'	100'
	No. 8 Seam Strata	24'	50'
	No. 9 Seam Unknown strata estimated to be 1000'	23'	

		<u>Thickness in Feet</u>
	Westville Main Seam	14' - 27'
	Strata	200'
	Scott Seam	12'
	Strata	115'
<u>Westville Member</u>	Third Seam	6'
	Strata	90'
	Fourth Seam	8'

MR. GORDON: Perhaps I might show you here a plan showing the relation of the different districts in the Pictou County coal field, of which this map is a complete topographical plan.

Exhibit 53 - Topographical plan of districts
in Pictou County coal field.

You have the East River running through the middle of the field, with New Glasgow in the centre, Westville in the west, Stellarton a little south of New Glasgow and Thorburn over in the east. Outlined in black is the lease of the Acadia Coal Company. It occupies 18.8 square miles and is one lease. The workings in the Albion Member occupy this area outlined in black. Those are the outlines of the workings of the Foord seam. The other seams, the Cage, Third, McGregor and Acadia #1, are worked slightly further to the west and not so far to the east. In the Thorburn district the outline of the workings of the Sixfoot seam, worked through Acadia #3, is shown in blue, while the outline of the workings of the McBean seam is shown in red.

Exhibit 54 - Section map showing outcrops of seams
in various districts of Pictou County
coal fields

This section map shows the outcrops of the seams in the various districts and shows as well the slopes with some of the outlines of the workings in the different seams. As I pointed out, the seams in the Westville Member crop in the west, with the dip to the north-east. Those seams do not crop but are overlain by the deposit of the Albion Member. The seams in the

Albion Member crop at an angle to those of the Westville Member, dip practically towards the north to a basin and then rise very sharply, but because of the faulting along the northern outcrop these crops are not well defined.

BY MR. FRAWLEY: You call a distinct series of seams a Member?

MR. GORDON: Yes, you have the three Members, the Westville, the Albion and the Thorburn Members, all of the Stellar-ton series. In the west the Thorburn Member seams dip toward the north-west and then after passing through a basin rise towards the east again but in the McBean and in the Sixfoot this eastern limb of the seams contains a coal much thinner than the limbs on the east.

BY THE CHAIRMAN: About the centre there we have the Foord seam, the Albion mine, McGregor seam. Those are overlying, are they?

MR. GORDON: Yes sir, the top one is the Foord; the Foord, Cage McGregor.

Q Are those all being operated at the present time?

A The Foord is operated from the Allan colliery, the Cage, Third, McGregor and Acadia #1 from the Albion.

Q They are never operated from the same slope?

A At one time all of these seams were operated from the Albion. There are two slopes. One in the Third seam--the Foord, Cage and Third are worked by cross-measure tunnels from a slope in the Third seam. The Flemming, McGregor and Acadia #1 seams have been worked from that slope and both slopes are tributary to a common bankhead.

Q Ordinarily from that viewpoint it should be cheaper than the usual operations?

A Other things being equal, yes. (Continues brief);

In pre-war years the output capacity of the mines of the Acadia Coal Company amounted to 2200 long tons daily. This was produced from three mines - the Allan, the Albion and

Acadia #7, all operating in the Albion Member of the field.

For the most part, the coal is won by the room and pillar method because in most districts variations in grade and other adverse factors prohibit the use of other systems of work. Where possible, the long wall system is used.

This latter system is to be preferred because the weak nature of the strata in which the coal seams lie permits the throwing of heavy weights on roadways under comparatively shallow covers.

I might say in some seams in some districts here very severe weight is within shallow cover of 500 feet, whereas in the Sydney coal field severe weights are not noted until you have a cover of 1,000 feet.

BY MR. FRANKLEY: Do you not have the same requirement of cover before you begin the longwall?

MR. GORDON: This is a subterranean, not a submarine operation.

Q So those requirements we heard of in Sydney do not apply here?

A No, except under the East River. There is a very small area that underlies the East River and there of course special precautions have to be taken.

Q How much cover do you have to have before you can work longwall?

A You can work under any cover. It is a question of economy, damage to cover, and allowing water to get into your longwall.

Continues brief:

It is advisable therefore to keep to a minimum the number of roadways to be maintained and this can be done in a long-wall system of work.

The seams and the strata surrounding them emit much gas and it is therefore necessary that large volumes of air should be forced through the workings in order to dilute the gases emitted. The Allan Colliery, for example, is ventilated by a current of 100,000 cubic feet of air per minute, working against a resistance of six inches of water gauge.

The seams in the Albion Member are all liable to spontaneous heating in an open waste. Because of this feature all working sections are laid off in a panel system. The panels are comparatively small, being only about 500 feet square in a normal pillar and room section and about 1000 feet long by 300 feet wide in a longwall section. Panels are normally separated from one another by a 50 foot coal barrier. Such barriers are pierced by a minimum number of entries for ventilation and haulage purposes. Preparations must be made as soon as total extraction is started to permit the prompt closing of these entries should a heating start. In order to minimize the risks of spontaneous heating as much as possible, all total extraction work is done under a gas blanket so that the oxygen may be excluded as far as possible from the waste formed by the coal extracted.

Recently most of the active workings of Acadia #7 Colliery were lost because of a spontaneous fire. As a result, the life of Acadia #7 Colliery has been much shortened since a large part of the area over which it normally would have worked has had to be made tributary to the Albion Colliery.

BY MR. FRAWLEY: What year was that? You say "recently".

MR. GORDON: November of 1944. {Continues brief):

In order to maintain its output capacity and in order to reduce its cost of production, the Acadia Coal Company has decided to open a new colliery on the McBean Seam at Thorburn. This will be done as soon as financial arrangements can be made and detailed plans for the operation completed. These plans are being prepared at the present time. It is proposed to produce some 800 tons daily from the new colliery under full production. In those sections, where the grades are steep, the coal will be extracted by the longwall system but it is proposed that where grades are light enough to permit it the coal will be produced by a fully mechanized room and pillar system. It is anticipated, from the knowledge available, that, with the better physical conditions prevailing in the

McBean Seam, it will be possible to use mechanical loading equipment where grades are not too steep.

I may say that most of the fast-moving mechanical loading equipment cannot be used on grades higher than 10 degrees.

When this colliery is put into operation it will be equipped with a bankhead designed to produce a first-class domestic fuel. The coal will be closely sized for domestic use and, if necessary, it will be washed and oil treated in order to put on the market a perfectly prepared fuel.

The coal produced by the Acadia Coal Company is a high grade bituminous coal. It is somewhat higher in inherent ash than the coals produced in the Sydney coal field but, as compensating features, it is low in sulphur, has an ash fusion of 2400°F. as compared with 2000°F. to 2050°F. for Cape Breton coals, and is firmer in structure and therefore stands handling better than other coals produced in the Province. It is ideally suited for both domestic and steam-raising purposes.

Although the mines of the Acadia Coal Company have been in operation for many years, large tonnages of recoverable coal still remain in them. Some 8,540,000 tons of proved coal still remain to be worked in the Allan and Albion Collieries from the Foord, Cage, Third, McGregor and Acadia #1 Seams. It is very probable that a large tonnage of coal of marketable quality exists in some districts in the seams underlying the Acadia #1. These lower seams have not yet been fully prospected but this will be done from the workings in Acadia #1 as these progress to the dip. Marketable coal found to exist in the lower seams will be won from cross-measure tunnels from the Acadia #1 seam if physical conditions are found to be such as to permit its economic working.

BY THE CHAIRMAN: I think about 1936 there was a small opening made?

A That was Acadia #7, sir.

Q What happened that?

A It is still in operation. It operated a small section of the

Cage seam to the west of the Albion Colliery and when that area in the Cage was completely worked out, cross-measure drifts were driven into the Third Seam and for the last five years the operations of No. 7 have been confined to the Third Seam. About 18 months ago a roadway was driven from No. 7 across to the Albion slope and it was proposed to take the coal from No. 7 out through the Albion. However, spontaneous fire broke out in November of last year across that level and it had to be sealed off, with the result that the coal that was really tributary to No. 7 on the Albion side of the closure had to be made tributary to the Albion, and all that was left in Acadia No. 7 were the slope pillars. At present we are taking out about 80 tons a day.

Q It hasn't got much future?

A Very, very little. There are only 12 hands working in that mine now. (Continues brief):

The McBean Seam at Thorburn holds within its lease an unworked area in the Westville Main Seam at Westville. While this area cannot be readily prospected, there is every reason to believe that it contains at least 8,000,000 tons of recoverable coal. In addition to the tonnages noted above, other reserves of possible coal exist in the Company's leasehold. The tonnage of this possible coal cannot be accurately determined at this time.

The Allan and McBean Collieries will have tonnages tributary to them to warrant a life expectancy of at least twenty years. It is anticipated that operations will be started in the Westville Main Seam when one of the existing Stellarton Collieries is exhausted or when a steady demand for coal, in excess of the capacity of the other Acadia Collieries, warrants its opening.

BY THE CHAIRMAN: I suppose that the coal deposits in Pictou County are pretty accurately known, generally speaking?

A Generally speaking, very well known. The only area that is not well known is the underlying seams below the Acadia #1.

They lie too deep to have been prospected from the surface. They crop as very poor coals, but in some districts to the dip they become of much higher quality, really marketable quality.

Q They have never been operated yet?

A Never operated yet. There have been some bore-holes gone down to prove the existence of the seams but not in the areas where we believe high grade coal exists and that will be done when the workings of Acadia #1 are sufficiently far advanced to allow us to put the holes in the locations where we want to.

BY COMMISSIONER MORRISON: You say: "It is anticipated that operations will be started in the Westville Main Seam when one of the existing Stellarton Collieries is exhausted." How far is that Westville Main Seam from proposed operations from the existing collieries that you have in mind?

A A very short distance over the surface, two miles. As a matter of fact it is only about a mile from Acadia #7.

Q It would not interfere with the community as far as your man-power is concerned?

A Oh no. That is one of the points, that it would simply be a shifting of working place. The residence would remain just as at the present time.

BY MR. FRAWLEY: Would your Westville seam border closely on the Intercolonial workings there?

A Alongside.

Q Your lease immediately adjoins their lease?

A That is correct. (Continues brief):

In normal years the winter output of the Acadia Coal Company is almost entirely supplied to Maritime Province markets but, because of lessened demand in those markets during the summer months, coal is frequently shipped to the St. Lawrence markets during those periods in order to keep the mines operating as steadily as possible. The tonnage of coal shipped up the St. Lawrence depends on the demand of the markets in that area.

The coal is shipped over the Company's pier at Pictou Landing, which is situated on the eastern side of Pictou Harbour some eleven miles from Stellarton.

BY THE CHAIRMAN: What is the comparative distance between Pictou Landing and Montreal and Sydney and Montreal?

A The difference would be, I should say, sir, about 150 to 200 miles.

Q And your pier there is supplied with its coal from Acadia?

A From Acadia.

Q How does from your pithead to the pier compare with from the pithead at Glace Bay to Louisburg or Sydney in distance?

A The distance is roughly the same from Glace Bay to Sydney but of course is shorter than from Glace Bay to Louisburg.

Q And what is the tonnage of ships that can be serviced there?

A We have serviced ships--I believe we brought in an 8,000 ton ship.

Q Did she get out?

A Yes. The normally large ships are 6,500 ton ships. It is not so much a question of depth of water; it is a question of coal capacity. We have got to build up a store of coal to give the ships a decent discharge.

Q In the old days, I am given to understand, it was a great place for bunkering ships, Pictou, a fairly good place?

A Yes. That coastal trade seems to have more or less disappeared and there has been very little bunkering done during the past 10 or 15 years from Pictou.

Q It was beginning to get that way before the war?

A Oh yes, some very considerable time ago since that business disappeared. (Continues brief):

In post-war years the Acadia Coal Company will have a daily output capacity of some 2400 long tons and, on a basis of 250 working days per annum, will produce a yearly output of 600,000 long tons. It is essential for the wellbeing of the industry and of the communities from which its employees are drawn that this tonnage of coal be economically marketed.

The markets in which this coal was sold prior to the war and in which it is hoped to dispose of it in post-war years have been fully discussed in the Dominion Steel & Coal Corporation's submission on "markets".

It has been fully demonstrated during the war years of 1914 - 1918 and during the years of the present war, when shortages of coal have occurred, that the coal mining industry of Canada is of national importance. The industry must, therefore, be primarily considered from that viewpoint. Where, therefore, because of competition from cheaply produced imported fuels, it is necessary to aid the industry by freight subvention or by other means to economically market capacity outputs, such assistance should be granted to make Canada as self-sufficient as possible as far as her coal supplies are concerned and as an insurance that fuel shortages will not again occur at a time of national emergency. (Brief concluded).

I might point out too that while as long as there is Canadian coal available and competition to some degree, imported coal might be sold cheaply. If there was no competition from Canadian coal the picture might be very, very different and the price of imported coals would be considerably higher than they are today if there was no competition to hold their price down.

EXAMINED By Mr. Frawley.

Q I suppose you mean that assistance should be granted to make Canada as self-sufficient as reasonably possible, economically possible? You don't mean just "as possible"?

A What I mean is that we should supply, from Eastern and Western Canada, as much of the Canadian market as we can supply.

Q As much as you can supply?

A Yes. There will be districts where it is practically impossible to put Canadian coal in except at an enormous cost. I am not suggesting that those particular areas should have

Canadian coal thrust into them.

Q You hardly mean "as much from Eastern and Western Canada as we can supply" because given enough capital an awful lot of coal could be shipped out of Western Canada. You have in mind, I am sure, certain economic limits beyond which Canada should not be expected to go to protect this industry?

A Oh, there are limits, of course.

Q The problem is, at what point we should stop in our recommendations with respect to limits?

A Yes, that is true. There will be a limit.

Q Now have you had any Government assistance here in the Pictou fields?

A Yes.

Q On rail movements?

A On rail movements.

Q You don't need any Government assistance on anything you are able to ship in boats out of Pictou Harbor?

A Our shipments to the St. Lawrence did not bear any subventions.

Q But on rail movements from Stellarton to Montreal, for instance?

A Very very little of it has gone to the Montreal market from this area.

Q Well then, it is only somewhere east of Montreal that the subventions begin to apply, so that your operation here has not had much subvention assistance?

A Very, very little.

Q And none at all on the water movement?

A No.

Q That takes care of the peacetime operation. During the war there have been some subsidies paid from the Emergency Coal Production Board?

A That is true.

Q. That is just a wartime situation when you found costs going up and you were held down by ceiling prices?

A Yes. As a matter of fact our financial position at Acadia

has given not only myself but all the management a great deal of concern during the past number of years.

Q And for that reason you have had to ask for subsidy assistance?

A That is correct.

Q Well, in peacetime when there was no freight subvention and no Emergency Coal Production Board what was your position, all right?

A It was not all right. We had difficulty making ends meet.

Q What is your principal difficulty here in the way of cost?

A Our biggest difficulty, of course, is the physical handicaps of the field itself.

Q It is a more expensive operation inherently say than the Cape Breton operations?

A Yes.

Q Any of the Cape Breton operations?

A I won't say than any of them but certainly much more than the average.

Q There are certain costs inherent in the Cape Breton operations that we know about, extended haulages and ventilation systems, etc. Do you have even more difficulties to contend with than that in the way of cost?

A Yes.

BY THE CHAIRMAN: Do you mean in regard to ventilation and haulage?

BY MR. FRAWLEY: No, I mean to offset these difficulties they have there you have other ones that are just as expensive, if not more so?

A They are more expensive.

Q What are those?

A Those are the condition of the strata in which the seams lie. The roofs and pavement of the strata really are awfully bad, very weak shales, so that the roof collapses very readily and requires very close timbering, and any roadway that is being used has got to be constantly maintained. Again we have a heavy cost in connection with the building

of fire stoppings, closing the entries of our tunnels. Those stoppings require constant attention and at the same time they are expensive to build and there are a great many of them in those pits.

Q Do you want to say anything more on that?

A No, those are the two features that trouble us most.

Q You say you have to work under a gas blanket?

A Well, it is necessary in our total extraction operations to keep the gas there to exclude oxygen. If oxygen is allowed to get into our wastes we will have a spontaneous heating.

Q And you keep the gas there?

A We deliberately keep it there.

Q You do something to look after the health of the miners, I suppose?

A Well, the gas itself is not in their working places; it is in the wastes behind them and of course our wastes are well ventilated.

Q That is what you call doing total extraction work under a gas blanket?

A Yes, that is the waste has its gas blanket for the purpose of excluding oxygen.

Q Does that particular thing make the work of mining any more hazardous from the standpoint of the miner than in the other mines?

A Well, yes.

Q I need hardly say, of course, that everything is being done to minimize that hazard?

A Everything.

Q The nature of that operation requires you working under the gas blanket, as you describe it. For that risk precautions are taken to safeguard the life and health of the men?

A Every precaution you can think of is taken to safeguard the men and the mines.

Q It goes without saying that expense is not spared in that regard?

A No.

Q Does that add to your costs too?

A It does add; it is very considerable.

Q Now then, you didn't have any subvention assistance in the peace years. Now what sort of assistance do you look forward to?

BY COMMISSIONER McLAURIN: Subsidy assistance is a better word, isn't it? Some small portion of their coal might have got a rail subvention.

BY MR. FRAWLEY: That is right. There is a very small movement. Your coal didn't receive any subvention aid in peace time?

A Prior to the war, that is correct.

Q Is it receiving some subvention aid now?

A No, it is receiving some subsidy now.

Q But rail subvention aid was negligible before the war and there is none now at all?

A None.

Q Because it doesn't move any beyond Mr. Kelley's barrier up there?

A No. As a matter of fact, far from moving any there, we have difficulty in supplying local markets, Maritime markets.

BY COMMISSIONER MORRISON: Kentville?

A Kentville as well as other districts are calling for coal and we spread it around as well as we can but we can't fill all the orders we have for local markets at this time.

BY MR. FRAWLEY: Subsidy is a thing of wartime entirely?

A Right.

Q What Government assistance do you anticipate will be required for your operation after the war?

A In order to keep our mines working steadily more of our coal will have to go to the St. Lawrence and to the Ontario market.

Q If it moved all water you would not need any assistance?

- A It depends on a great many conditions. I couldn't tell you at that date whether it will or not.
- Q Perhaps I should in fairness to you make the question, the St. Lawrence movement will not require any Government assistance except for inland furtherance beyond Montreal?
- A No, I can't say that. Other conditions have very materially changed during the war. Materials, wages, have all gone up. Our price of coal has gone up very little and certainly not in proportion to other things.
- Q You say then that even if your tonnage did move all water to Montreal you might require some transportation aid?
- A Under present conditions we certainly would.
- Q And that because of the rising costs?
- A Yes.
- Q And unless prices were allowed to rise you say it looks as if you will need some help even to get your coal by water into Montreal?
- A Yes.

BY COMMISSIONER McLAURIN: In your present situation you are having difficulty supplying the domestic market, and yet you say that following the war, to maintain operations you will have to go to the St. Lawrence market?

- A Our output is down, very materially down. We are down almost 1,000 tons per day in output.
- Q You anticipate increased production, some of which will not be absorbed by the local market?
- A That's right, sir; at certain periods of the year. It will be absorbed only in the winter months.

BY MR. FRAWLEY: The Maritime market now is sufficiently large to take care of all the coal produced in Nova Scotia, Cape Breton and the mainland?

- A That's just about right.
- Q Well, surely that situation is not going to exist? It is expected there will be a falling off in the Maritime market?

A There will not only be a falling off in the Maritime market; there will also be an increase in production.

Q A lot of it has gone to Air Force stations, as one example?

A Yes.

Q And that will go pretty well 100 per cent off?

A It will disappear.

Q And that will account for throwing a lot of coal back on the mine?

A That's right.

Q You say there will be a larger production. Why will there be a larger production?

A There has been and still exists a shortage of coal miners. Many of our most active men are in the fighting services and many of the men who have replaced them are not men who have the same physical capacity as the men who have gone, so that our putput is actually down, not only from a shortage of men but from the individual capacity of the men.

Q In other words you are going to get back--I won't say forced, but they are going to be sent back to the mines--some more man-power?

A That is true.

Q And in order to keep that man-power working you will have to produce more coal, or you will inevitably produce more coal?

A We will produce more coal, yes.

Q That might put you in a vicious circle. You are not going to produce the coal just because you have some more miners?

A No, but what we want to do is re-establish our pre-war position.

Q You are shipping only to the Maritime market and you have decreased man-power both in numbers and individual capacity?

A That is true.

Q You assume that after the war you will get back more and better men?

A That is true.

Q If you sent them all into the pits you would get more coal?

A That is true.

Q But you would not do that unless you had some place to ship the coal?

A That's right.

Q So basically we come back to the question of markets?

A Yes, that is what it amounts to.

Q In other words, should these markets be expanded beyond the present capacity to produce?

A Well, they should certainly be expanded to the pre-war capacity of the mine. I don't think there is any argument about that. That position should be re-established.

Q You say that is not too much to ask?

A Oh, certainly not.

Q In fact much more than that is being asked for?

A Yes.

Q Your pre-war position was that you had some water movement into Montreal and very little rail movement into Montreal?

A Practically no rail movement.

Q So that your market was largely the Maritime market prior to the war?

A That is true.

Q Now dealing for a moment with the water movement, assuming that there would be agreement in the proposition that you should seek this Central Canada market, why couldn't you move it all by water to Montreal?

A It could all go by water; at least the summer shipments could.

Q Wouldn't it be possible to eliminate rail movement of coal altogether, because it is a movement that costs money?

A Well, of course the coal is not all being burned in Montreal. It has got to be transshipped elsewhere.

Q Well, that might be true, but why couldn't you get rid of yours that way, bank it in the off-seasons?

A Well, we don't bank here at all in the first place and I don't want to start banking. It is an expensive operation to begin with. In the winter time, as I said, the great bulk

of our coal is sold in the Maritime Provinces themselves.

Q What you have in mind is taking the Maritime market in the winter time and then have your summer production move into Central Canada?

A That was the condition in the pre-war years and we expect that condition again after the war. The Acadia Coal Company's position is very different from the position of the mines in Cape Breton. Their steady time is the summer months when they can ship their coal. On the mainland our steady time is the winter months when the local demand is heaviest. In the summer months when that demand has to a great extent disappeared then we work short time unless we can ship our coal into the St. Lawrence market.

Q Do you produce as much coal on Saturday as you do on Monday, Tuesday, Wednesday, Thursday or Friday?

A No, we don't.

Q Why is that?

A Generally we have more absenteeism on Saturdays than on other days. Our operating force is almost inevitably very much shorter on Saturdays.

Q The coal that is produced on Saturdays then costs more than the coal produced on Monday, Tuesday, Wednesday, Thursday and Friday?

A Oh yes.

Q And that inevitably increases the average of the coal produced during the week?

A Of course.

Q Have you ever considered not working on Saturday, like you do on the Northside of Sydney Harbour?

A Yes, but on the other hand the demand for coal has been such that as long as the men will turn out to work we work the mines.

Q And just have to content yourself with the fact that the costs inevitably are higher than they should be for the coal produced on Saturday?

A That's right.

Q Your company of course produces far more coal than any other company in Pictou County?

A Yes.

Q I see that the "Coal Mines in Canada," just issued by the Department of Mines in Ottawa, shows that last year you produced 400,000 tons?

A 400,000 short tons. We produced 315,000 long tons of coal last year.

Q And the closest to that was the Intercolonial Company at Westville which produced 100,000 tons?

A Those are short tons?

Q Short tons.

BY COMMISSIONER MORRISON: That would pay for a lot of brattis?

A It would. We don't use it.

Q I am thinking of the 85,000 tons of coal that you picked up in the change-over from the long to the short.

BY MR. FRAWLEY: Up to now you have not had anything very elaborate, shall I say, in the way of coal sizing and coal preparation and treatment?

A We have sized our coal. We make a nut coal and a stove coal here but we have done no cleaning in the sense of washing coal or treating it with a dust layer.

Q Perhaps I should tell you--we only know what we hear on this Commission--but we were told in Kentville the other day that a sized and treated coal that came down from the Northside of Sydney Harbour had a very good reception in the Kentville area.

A Yes.

Q You could duplicate that operation, I suppose?

A We could, and we certainly propose to do it in the McBean.

BY THE CHAIRMAN: Why have you delayed the thing so long?

A Well, there are so many other things to do that during the war it seemed hardly the time to start those things when there was so heavy a demand for coal.

Q Would there be any more reason for doing the job on MoBean than on the other?

A No, we would eventually of course come around to that. As a matter of fact the market is going to be such that it will demand those things.

BY THE CHAIRMAN: We are finding that out.

BY THE CHAIRMAN: Did I understand you to say, Mr. Gordon, that practically the total output of Nova Scotia mines--that includes Cape Breton--that your complete output is taken care of by the provincial Maritime markets?

A Including Newfoundland, and the bunkering business that is done. There is not a great deal of coal going up the St. Lawrence at this time. I shouldn't say that, perhaps, because there is a good deal of rail coal moving north, but nothing like the tonnage that was being moved in peacetime.

Q I would not think that anything new that became a user of coal in the Maritime Provinces after the war would require any more than 125,000 or 150,000 tons? I am talking about airplane places and encampments and all that.

A Oh yes, more than that, considerably.

Q Would you care to compute that generally, about how much coal those new developments brought on by the war take?

A I could have all those figures prepared for you.

Q Have we, Mr. Frawley, anything indicating what the coal shipment to the St. Lawrence has been the last two or three years?

BY MR. FRAWLEY: No, I think not, unless it was in some of the Dosco submissions in Sydney, but I would have to study and look that up. The coal that has moved up the St. Lawrence during the war?

BY THE CHAIRMAN: Beyond the Maritime Provinces, which includes Newfoundland. I think we should have those figures because you see it is suggested that we require a 9,000,000 ton output a year to take care of our mines here. Now if in

wartime we are able to take care of practically all our own output, why should the Government of this country assist the coal industry in getting any further than our own markets?

MR. GORDON: Well, the answer to that, sir, is simply this, that the outputs are down and the demand is very, very much increased.

BY THE CHAIRMAN: I am not suggesting that I am against the idea of getting assistance. I was going to ask you, you spoke about absenteeism in the Acadia. Has that become a little less acute the last six or eight months?

A It is slightly down in the last two or three, apart from the Christmas period of course, when it was very heavy. It is slightly down. The absenteeism rate of course is very, very high; it is more than double what it was in pre-war years.

Q But it is a little better, so to speak, in the last three or four months?

A Slightly.

BY COMMISSIONER McLAURIN: That is, there is less of it?

A That's right.

BY COMMISSIONER MORRISON: You made a statement in answering Mr. Frawley, you laid a lot of emphasis on it, "re-establishing our pre-war position." You had reference to markets only when you made that statement?

A Yes. What I meant was this, that we had a certain capacity to produce; we wanted that capacity re-established and the coal that we could produce at that capacity disposed of.

BY MR. FRAWLEY: The bargaining agent for your miners is the United Mine Workers, District 26?

A Yes.

BY THE CHAIRMAN: I was going to ask you if you remembered a report that was made by a mining engineer about 1937 or 1938 on the Acadia areas?

A Yes.

Q Do you consider that a pretty good report?

A Yes. Dr. George S. Rice, yes.

Q And it showed up the conditions far worse than your picture today?

A It went into great detail.

BY MR. FRAWLEY: To whom was that report made?

A The Government of Nova Scotia.

BY COMMISSIONER MORRISON: Dr. Rice is an American? We have had him in the West.

A Yes. At that time he was chief mining engineer of the United States Bureau of Mines.

BY COMMISSIONER McLAURIN: What about the life of this field?

A The life of the field altogether, sir, as far as one can tell, will probably run into about 50 years; that is if we simply maintain our outputs.

Q You had some figures in your brief as to 20 or 25 years?

A Yes, but then there are replacements following that, if we maintain our putput capacity. We simply move over to the Westville area. Of course Thorburn will be out in about 25 years or so.

Q So you have got to amortize all your investments and you have got to do it in 30 or 35 years?

A That is true.

BY THE CHAIRMAN: There was a very serious charge--perhaps you weren't here at that time--that when the old Thorburn was closed down there was a tremendous amount of coal left there that could have been mined.

A There was some coal left but its quality was not good and it couldn't be economically won. If the Acadia #3 mine had been left to continue in existence very much longer it would have sunk the whole operation.

BY THE CHAIRMAN: That was my understanding of it, but I thought I would put something on the record about that.

BY MR. FRAWLEY: Don't you visualize a sufficiently healthy economy for Pictou County if its product was zoned to the Maritime Provinces?

A Yes, when times are normal again.

Q I mean that.

A If we can sell our capacity outputs in the Maritime Provinces, yes.

Q Don't you think if you really got down to sizing and preparing and treating that coal and went out to try to capture this Maritime market, take it away from British and American coals, that you could do it?

A There is not very much American coal coming in here, apart from some anthracite.

Q I don't mean now. They told us in Kentville they would prefer the British coal against American coal even though they have to pay more for it.

A I am not surprised at that. Some of the British coal --

Q This was Yorkshire.

A Some of that Yorkshire is very high grade coal.

Q And then they spoke about the treatment and preparation, that is what they contended pays so much, sizing of it.

A Well, we will see. We will size our coals and treat our coals and see if they will buy them to the exclusion of everything else.

Q I think he said too he would put more importance on the proper sizing and treating of the coal than on its inherent quality, which was rather a striking thing to me.

A Well, from the point of view of a user of coal

. I would say no. If I get a coal that is particularly easily handled, has a very low ash content, then I am not so fussy about having each piece polished.

Q Or wrapped in cellophane? He didn't go that far, of course. He spoke about a balanced unit, too, a proper stoker and firing apparatus.

A Yes.

Q You see the Imperial Oil Company goes out and sells those balanced units of theirs--and they are not to be blamed at all; they are to be commended--they sell the unit, they

finance it, so that they will buy their oil. Now why doesn't the Acadia Coal Company think about something like that?

A Well, the Acadia Coal Company hasn't got the finances to start any sort of campaign of that sort.

BY COMMISSIONER McLAURIN: Name any other coal company that does. Why pick on Acadia?

BY MR. FRAWLEY: Because I have great admiration for this man's views on things. You say you haven't got the money?

A I will agree with you. I will say this,, that it would be a very fine thing to do from a coal sales point of view.

Q Who sells your coal?

A Our coal is sold through Dominion Coal.

Q Down in Halifax? Mr. Curry?

A Yes.

Q You have no sales department?

A We have a sales agent here locally, that's all.

Q Now are there any further questions on the Pictou situation?

EXAMINED By Mr. Wade.

Q What is the overall production per man day?

A At Acadia at the present time?

Q Yes?

A One ton.

Q Would you present to the Commission a breakdown of that figure? You remember that the Dominion Coal Company submitted a breakdown of cost, a breakdown per man day into producers and surface, underground, etc. Could you do that?

A Yes, I will do that.

BY COMMISSIONER MORRISON: What is your production at the face?

A Our production at the face runs about six tons, including longwall and room and pillar work. In the room work it is rather low, it is about five tons in room and pillar work, but in longwall work it rises to about 16 to 18 tons.

Q I drove along from New Glasgow this morning. How many tons

do you get at the Allan Shaft?

A At the moment we run only 400 tons.

Q How old is that tippie?

A The mine itself was sunk in 1904 and that bankhead was put up sometime not long after that.

Q It looks like an awful monstrosity to handle 400 tons a day to me.

A That bankhead I believe was set up to handle 2,000 tons of coal.

Q On one shift?

A On the shift. When the Allan mine was sunk it was sunk to be the only mine.

Q How many men have you on the top of that Allan Shaft to handle that 400 tons?

A All told our surface force at the Allan is 81; that includes overseers.

Q Of course you are not operating that whole plant over there for 400 tons?

A Oh no. A great part of it is just an open space, that's all. The thing is about five times too big for the tonnage we are producing. The normal output of the Allan is 800 tons.

BY MR. WADE: Concerning absenteeism, you remark it is worse now than in pre-war days. Are you referring to what you call avoidable absenteeism?

A Yes.

Q Does that mean that the men were working fewer days a year now than they were before the war?

A It means, Mr. Wade, that they are working fewer days that they can work than they worked before the war.

Q And would you suggest there is any collateral between the number of days that they find they can work now to the number of days they could work before the war?

A Just what do you mean?

Q I mean this, that before the war they were unavoidably absent

from work a great number of days during the year, and therefore they had not been used to working a full number of days during a year.

BY MR. FRAWLEY: Would you mind elaborating on "they were unavoidably absent from work"?

BY MR. WADE: Yes, there was unemployment, therefore they were never used, physically or psychologically, to working a full number of days. That is true, isn't it?

MR. GORDON: No, because in Acadia we worked very, very steadily some years prior to the war.

BY MR. WADE: Some years you didn't?

A Some years we didn't but some years we did, and absenteeism is higher now than it was then.

Q Do you think I would be putting it fairly when I say it is difficult to decide when absenteeism is avoidable and unavoidable?

A There are a few border-line cases but as a rule it is clean-cut. It is either avoidable or unavoidable, but there are a few marginal cases.

Q Would you not agree that in order to ascertain if it is avoidable one would have to know in some detail the physical health of the man concerned and the way in which he has lived in the past, the amount of work he has been used to doing in the past, etc.?

A Well, I could understand a man finding it difficult to work steady time perhaps in the first month of steady time after a period of idleness, but not after four years of it.

Q Well, would you be able to present to the Commission a study on this absenteeism for what you consider a representative pre-war year and 1944, dividing the absenteeism as to avoidable and unavoidable?

A Yes, I could do that.

Q Now Mr. Frawley asked you a question concerning the way in which the oil companies are providing equipment to their customers. I take it that they finance the purchase of this

equipment, and he asked you if you were doing that and you said no, because you hadn't the necessary capital, is that right?

A That is correct.

Q I wonder if you could explain why it is you couldn't acquire the necessary capital?

A Well, the easiest way of answering that is that you can't draw blood out of a turnip, the turnip the Acadia Coal Company in this case.

Q But there are other sources for acquiring capital?

A Yes, but you don't do business that way, Mr. Wade; at least I wouldn't approve of it.

Q Supposing Acadia decided to start such a sales policy and it was going to cost \$500 to get going, what is to prevent them selling \$500 worth of bonds with the assistance of an investment banker?

A I will tell you ---

BY COMMISSIONER McLAURIN: Don't sell any of them to me.

MR. GORDON: The Acadia Coal Company would have to get a new president because I am getting out if that would be the policy.

BY MR. WADE: So that you have no intention of trying to get the necessary capital to put into effect such a sales policy?

A No. It is far too risky an undertaking for the Acadia Coal Company.

Q When you refer to the opening of the McBean seam you say, "This will be done as soon as financial arrangements can be made." Would you mind explaining what that means exactly?

A It means that financial arrangements will have to be made. This company unfortunately is not in a sound financial position and money will have to be raised.

Q Borrowed, you mean?

A Borrowed, to provide the necessary capital for sinking and equipping that mine.

Q And I presume it is going to be borrowed naturally because you think some return can be made on it?

A Yes, we think so.

Q Why couldn't it also be borrowed to finance the equipment of stoves?

A Well, I don't think there would be any return on it.

Q So you don't think it would be a profitable policy for the Coal Company?

A Certainly not in the beginning, and while it is one thing to sink and equip a pit and operate a pit it is another thing to get into a business of that type.

BY MR. FRAWLEY: You wouldn't do it anyway? Of course Commissioner McLaurin would do it.

A Well, I would be perfectly delighted to let him handle that baby.

BY MR. WADE: This 600,000 tons per annum that you anticipate, just how is that made up?

A 250 days by 2400 tons a day.

Q I mean which collieries?

A The three, Allan, Albion and McBean, would each produce 800 tons a day. There would be three 800 ton pits here.

BY MR. FRAWLEY: We have heard so much about those twins, avoidable and unavoidable absenteeism, I would like to get a definition on the record. I suppose the avoidable absenteeism is what is left after you have taken out the unavoidable?

A Correct.

Q And the unavoidable is absence due to sickness?

A Sickness, Compensation, a straight injury in the mine that may keep a man off for a day or two; he is hurt but he is not away long enough to go on Compensation. There is absence with permission. Now the permission may be granted for a multitude of reasons, some legitimate reason; a man goes to his manager and gets permission to go; that is counted as unavoidable. And then there is a breakdown in

the mine of some equipment; storms that may tie a man up so that he can't get to his work. Those are the bulk.

Q And then everything else is called avoidable absenteeism?

A Avoidable absenteeism.

BY THE CHAIRMAN: They say it is not so hard to get a breakdown. In normal times the absenteeism for all cases was between 4 to 5 per cent. Since the war, in the last two years the absenteeism has climbed up to 15, 20, 25 per cent, avoidable absenteeism. Those are some figures that I have.

A Yes. Our absenteeism here before the war ran 10 to 11 per cent for all cases. It has run as high as 28 per cent for all cases.

BY MR. FRAWLEY: That is avoidable and unavoidable?

A For all cases.

Q Now is that all there is on the Pictou field from Mr. Gordon? Now, Mr. Gordon, you made some commitments in Sydney with regard to some material at the Old Sydney?

A Yes.

Q Now you have something to file with the Commission that you promised in Sydney. Will you tell us what they are?

Mr. Gordon files:

Exhibit 55 - Agreements between Nova Scotia Steel & Coal Co. Ltd. and Old Sydney Collieries.

A This exhibit is an agreement between Nova Scotia Steel and Coal Company and the Old Sydney Collieries of December 30, 1938.

Q Would you just call attention to the highlights of that agreement, because you remember the questions that were asked you which led up to your agreement to file this document?

A The agreement contains the equipment and areas which the Old Sydney Collieries holds under rental from the Nova Scotia Steel and Coal Company. It mentions the leases, 14 in all, which the Old Sydney Collieries has sub-leased from the Nova Scotia Steel and Coal Company and the rental which

the Old Sydney Collieries pays to the Nova Scotia Steel and Coal Company for the use of these properties and equipment. There is also an agreement between the Nova Scotia Steel and Coal Company and the Old Sydney Collieries dated March 2, 1943 --

BY MR. FRAWLEY: The first agreement between Nova Scotia Steel and Coal and Old Sydney Collieries is dated December 30, 1938?

A Right.

Q Now the next agreement?

A The second agreement is an agreement between Nova Scotia Steel and Coal and Old Sydney Collieries dated March 2, 1943, That is an agreement concerning royalty payments. The third is a memorandum between the Dominion Steel and Coal Corporation and the Old Sydney Collieries showing the annual amount to be paid for services of a technical nature, such as sales, transportation, engineering, insurance, purchasing, legal services, secretary and treasurer services and executive services.

Q And that is an annual charge of \$23,200?

A Correct.

Q I notice that that memorandum is dated the 2nd of February of this year?

A No, it is a copy made the 2nd of February this year.

Q It is a charge that has been in force since Old Sydney was formed?

A Since the formation of Old Sydney Collieries.

BY COMMISSIONER McLAURIN: By Dominion or Dosco?

BY MR. FRAWLEY: This is a charge exacted by Dosco from Old Sydney?

A Correct.

Q Why is it that in 1938 when you made the first agreement contained in the exhibit there was no agreement as to royalty?

A No, there was no agreement as to royalty in the beginning.

It was understood, I believe, that Old Sydney would pay the royalty when it was able to do so.

BY THE CHAIRMAN: Was there also 10 cents a ton payable?

A That is the 10 cents. It is effective 1st of February 1942, 1st of January 1942, I believe.

BY MR. FRAWLEY: Well, the first agreement was just about the time you were incorporated?

A Yes.

Q And its principal purpose was to effect arrangements with regard to the leases which Scotia held from the Provincial Crown?

A Yes, and with the equipment and surface areas.

Q Old Sydney was being set up in business at that time?

A That's right.

Q And the principal thing there was an assignment, if it was an assignment, of certain leases, of 14 certain leases which you then began to work, not all of but that was sort of your working area that you obtained from Scotia at that time?

A That is correct.

Q Out of many leases held by Scotia from the Provincial Crown, and then that same agreement provided you should pay an annual rental to Scotia of \$60,000?

A For those things.

Q And it provided nothing with respect to royalty, although I do see a clause here that you agree to pay all taxes, liens, rentals, royalties, insurance premiums for insurance to be placed on the demised premises at the discretion of the lessor, Workmen's Compensation that might relate, and so on.

So you really do agree to remit the royalties? Oh yes, that was a covenant that you would agree to pay the Provincial Crown royalty of 12½ cents?

A Yes.

Q But any additional royalty was not exacted from you in terms at that time?

A Not at that time.

Q So in 1943 it was necessary to enter into the agreement which follows on and the principal purpose of that agreement is to obtain your covenant to pay a royalty of 10 cents per ton?

A That is correct.

Q So the situation is you pay Scotia \$60,000 a year, you say, for their equipment as well as the right to operate their lease?

A Not to operate their lease; for the use of the equipment.

Q Who owns the railway?

A Nova Scotia Steel, but it is leased to the Old Sydney Collieries.

Q Do you pay something extra for that?

A Oh no, that is within the \$60,000.

Q Then five years later--you were free of royalty to Scotia from 1938 to 1943?

A No, to 1942, the 1st of January 1942.

Q Well, you were free until you made the agreement in 1943, but it dated back to some time in 1942?

A Yes.

Q So the fact is the operations in 1938, 1939, 1940 and 1941 were free of royalty except the Provincial Crown royalty?

A That is correct.

Q Now your total obligation is \$60,000, 12½ cents per ton to the Provincial Crown and 10 cents to Scotia?

A That is correct.

BY THE CHAIRMAN: Didn't you pay a proportion of that 10 cents a ton from sometime in 1940 to 1942 before you entered into this agreement?

A The payments were started from the 1st of January 1942.

BY MR. FRAWLEY: Have you ever taken up with Scotia to be free of that royalty of 10 cents per ton?

A No. After all it seemed to be a fair charge. Their sublessors are all paying 10 cents.

Q I know, but I am putting it to you that you would be able to go down to the Provincial Crown and get yourself substituted in all respects with respect to those areas instead of the Nova Scotia Steel and Coal Company, and then the only royalty you would have to pay would be $12\frac{1}{2}$ cents a ton?

BY COMMISSIONER McLAURIN: That is not so if you are just assuming that history be wiped out.

BY MR. FRAWLEY: I intend to make some submissions. Just at first blush I don't quite see the necessity for the Scotia Steel and Coal Company. That is a rather broad thing to say and I am going to learn a lot more about it.

A Well, there is a lot of money tied up in the Nova Scotia Steel and Coal Company. I am very sure you would not say that if you were one of the shareholders of the Nova Scotia Steel and Coal Company.

Q No, but they are completely owned by Dosco?

A Dosco does not hold the bonds of the Nova Scotia Steel and Coal Company.

Q I cannot pursue that at the moment. It is perhaps a little early to pursue it anyway. There will be lots of time to get everything in. I am wondering now if there is anything else that I can usefully pursue. I am wondering if that is all the material you agreed to file?

A Yes. One, I believe, is for Mr. Cohen.

J. H. POWER, K.C.: I hope with your permission to present a brief on behalf of the Steelworkers of America but we would like to discuss it this afternoon and I would like, if I could, to have some assurance that we would not be heard until tomorrow, if possible.

MR. FRAWLEY: The Independent Operators are going on now but I don't know, outside of Mr. Graham, that they are going to take up much time.

E. M. MACDONALD, K.C.: The general brief was presented in Sydney as Exhibit 28 but there were certain historical and

factual sketches attached to it. I don't know, Mr. Chairman, if you desire they should be read. Mr. Graham, manager of the Intercolonial Coal Company, is here, then there is the Victoria Coal Company which is now a non-producer, merely a marketer of coal. Their mines are now operated by the Hillcrest Coal Mining Company which will be represented in Amherst, but the Victoria Coal Company markets their product at the present time.

BY THE CHAIRMAN: Well, wasn't there a brief--I had some correspondence with some people from Thorburn.

MR. FRAWLEY: We have a brief from the people of Thorburn, as I understand it. I am talking about the Independent Operators; there will be just Mr. Graham.

MR. MACDONALD: If the Commission desires that it be read.

BY MR. FRAWLEY: Surely, we will hold to what we decided in Sydney. Mr. Graham will appear and complete Exhibit 28. Well, now is it understood that Mr. Power should have the assurance that he seeks?

BY THE CHAIRMAN: We have to be here tomorrow anyway.

BY COMMISSIONER McLAURIN: What else have we got?

BY MR. FRAWLEY: A brief from the citizens of Thorburn and also one from Stellarton, New Glasgow, Trenton, Pictou, Westville and the Municipality of Pictou. Personally I think that the Commission will be busy all afternoon.

BY COMMISSIONER McLAURIN: Is there another brief coming in, a geological brief?

BY MR. FRAWLEY: That is by the U.M.W. and that is by Dr. Douglas from Halifax, who is not coming until tomorrow morning.

11.55 A.M. - COMMISSION ADJOURNED

2:15 P.?. HEARING RE-CONVENED

W. J. GRAHAM - EXAMINED BY MR. FRAWLEY

Q. You are the General Manager of the Intercolonial Coal Company, Limited?

A. I am.

Q. You operate one colliery?

A. Three.

Q. At Westville?

A. At Westville.

Q. This publication of Coal Mines in Canada shows that you produced about 100,000 short tons in 1944. Is that about right?

A. 160,000.

Q. 160,000 short tons?

A. Yes, 143,000 long tons.

Q. They have you down here with a "C" which indicates 100,000 short tons. What are the names of the 3 mines you operate?

A. No. 1, No. 2 and No. 5.

Q. They are called Drummond No. 1, Drummond No. 2 and Drummond No. 5?

A. Correct.

Q. Then Mr. Graham, you belong to the Independent Coal Operators Association of Nova Scotia?

A. I do.

Q. And in Sydney last month there was filed as Exhibit NO. 28 a group of submissions on behalf of that Association, and you associate yourself with the submission?

A. I do.

Q. And there is appended to that submission an historical sketch of the Intercolonial Coal Company, Limited, of Westville. It is only 2½ pages so perhaps you had better read it.

MR. GRAHAM READS FROM EXHIBIT "I", as follows:

This Company was originally incorporated in 1866 under the name of the Intercolonial Coal Mining Company, Limited. In the year 1923 it was re-capitalized under the

name of Intercolonial Sales Company Limited, and in the year 1927 the name was changed to that which it now bears.

The Company has a capitalization of \$1,750,000.

BY COMMISSIONER MORRISON - All paid?

A. No.

MR. GRAHAM (continues brief)

The Company has a capitalization of \$1,750,000. divided into preferred \$250,000., of which \$197,300 is issued, and \$1,500,000 common, of which \$1,000,000 is issued. All of the issued capital stock of the company is held by a small group, the majority of whom are resident in the City of Montreal.

The Company owns and operates three mines in the Town of Westville in the County of Pictou, on that area situated in the north-western part of the Pictou coal field as defined by Sir William Logan, the area covering about 10 square miles in all. There are four known coal seams located on the area, being numbers 1, 2, 3 and 4, named in descending order. Only Numbers 1 and 2 are workable, numbers 3 and 4 having been prospected but found to contain no marketable coal.

The underground operations on No. 1 Seam, or "The Main Seam", which is from 16 to 18 feet in thickness, are carried on in No. 1 and No. 5 mines in the lower part of the seam by what is known as undercoal operations, the upper part having been worked some 60 or 70 years ago.

No. 1 Mine was formerly known as the Drummond Colliery and No. 5 mine was formerly known as the Acadia Colliery, it having been acquired from the Acadia Coal Company Limited in the year 1914, the Acadia Coal Company having at that time abandoned its operation and concentrated its workings in the Town of Stellarton. This No. 5 mine has been operated by the Company since 1914. The quality of the coal is considered one of the best mined in the Province, but the mine is gradually growing smaller and its life cannot exceed another two years. The coal from No. 1 mine coming from the same seam is considered equally as good and is a satisfactory coal in every respect.

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W. J. Graham

The coal which we obtain from No. 2 mine is higher in ash content than that obtained from Numbers 1 and 5 and must necessarily be mixed with the coal obtained from No. 1 coming over the same bankhead, the mixture being approximately 40% of No. 1 and 60% of No. 2, making a very satisfactory coal for furnaces and steam purposes.

BY THE CHAIRMAN - Have you one bankhead for those two operations?

A. Yes.

Q. That makes it easier for you to get your mixture?

A. Yes

MR. GRAHAM (continues brief)

About 65% of the output obtained from Numbers 1 and 2 mines so mixed is used by the Canadian National Railways for locomotive fuel with good satisfaction. The method of mining in No. 1 and No. 5 mines is by hand pick. As the operation is in the undercoal, no cutting machines can be used although the boring is done by jack-hammers and compressed air. No. 2 mine is practically a longwall mine with the exception of the development work where mining is carried on with radial coal cutters and boring is done with jack-hammers. The pumping of water from the three mines is done by one electrically driven quintuplex pump. The water from No. 5 going into No. 1 mine through the bore hole, through the coal barrier, and from there the water from both mines goes through a bore hole in No. 2 mine to a lodgment where a large pump is located pumping the water from the three mines to the surface by the one central pumping operation.

BY MR. FRAWLEY - What do you mean by - "As the operation is in the undercoal no cutting machines can be used"?

A. The thickness is from 16 to 18 feet and about 60 or 70 years ago about 7 feet of the top part of that seam was worked, and during that period of time no doubt the timber gave way and the roof is all down, and we came back and went in on the pavement and we have taken about 8 feet, and therefore there is about 3 feet left between, and the operation is quite difficult. We

are really building a new roof for ourselves as we are advancing with the operation.

Q. You have to work in a 3 foot seam?

A. No, we are taking out eight, sometimes more. Sometimes it breaks through. But you cannot use any machinery there or you would have the whole place in on top of you. A five foot out would open the whole thing up.

BY THE CHAIRMAN - Was that considered good mining, taking the top off of the seam and breaking away from the Regulation Act?

A. I suppose nobody thought the undercoal would ever be worked.

Q. Could they not do better for themselves financially and in every other way if they took the whole seam out?

A. It is pretty hard to take the whole seam out with that thickness of coal.

MR. GRAHAM (continues brief)

Since the beginning of its mining operations in 1869, the Intercolonial Coal Company Limited has hoisted from its mines approximately 14,500,000 short tons of coal and has paid into the Provincial Treasury for Royalties on coal mined approximately \$1,300,000. Since the year 1914, when records became available, it has paid out in wages, not including the management, \$15,863,899.20. In 1873 the Company suffered a major mine disaster when 60 lives were lost. In 1915 an explosion occurred and the deep workings of No. 1 mine, the main mine, were lost. In 1941 No. 8 landing was lost by fire and the walling off of the deeps between 7 and 8 greatly curtailed operations in this mine.

In September 1939 the Company employed 538 men, but due to enlistments and transfers of men to other employment there are only 445 men employed. Output has necessarily dropped during the past 5 years due to this loss of men, although efficiency has stood up remarkably well, with the exception of the year 1944 when for the first six months production dropped to 1.53 tons per man as against 1.67 in 1938. The employment of an additional 100 men should increase the output by 150 tons

a day or to a maximum of 675 tons per day.

BY MR. FRAWLEY - Why do you call attention to that 1.67 in 1938?

You don't recall that as a good performance, do you?

A. I think that was really taken for the year before the war.

MR. GRAHAM (continues brief)

As has been stated, approximately 65% of the output of this Company is sold to the Canadian National Railways. From the schedule attached to the general brief it appears that in the year 1943 the amount of coal sold to the Canadian National Railways is proportionately down. This is due to the fact that our output for six months of that year was commandeered for the Department of Munitions and Supply.

(There is one little slip there; it might apply to 1942, 1943 and 1944 for six months in the year).

Continues brief

It is, therefore, evident, that when the demand for Railway coal is down, our output is necessarily down, with a consequent reduction of working days per week. The remainder of our output is sold in the Maritime Provinces, particularly in Nova Scotia.

The rate of subsidy offered from the Federal Treasury to this Company is 65¢ per ton.

BY MR. FRAWLEY - That is under the Emergency War Production Board?

A. Yes.

Q. That is a war time subsidy?

A. Yes.

BY THE CHAIRMAN - You say that is offered?

A. Yes.

Q. Do you take it?

A. I didn't accept as yet; would rather be left free.

Q. You are asking for more?

A. No, not at present. If it should happen to go over that I would expect more, but it has not gone over.

Q. Does that mean that your selling price of coal is 65¢ less

than you are putting it in the bankhead for?

A. Yes.

Q. Why do they offer it?

A. They offer it because they don't want to see you go in the red too far.

BY COMMISSIONER McLAURIN - That is a flat rate?

A. Yes.

BY COMMISSIONER MORRISON - Are you suggesting that you would rather go in the red?

A. No, I don't want to see that happen.

Q. You said you would rather be free. What do you mean by that?

A. In the case of emergency. During the war we have done our very best to keep our output up. We were short of men, and work that should have been done in past years has been neglected and has to be attended to. I made that known in Ottawa. And possibly something may occur that would cost us more than 65¢.

Q. But we are talking in the past tense here. I take it that this subsidy of 65¢ per ton was offered to you for doing those things that you have done?

A. That is a flat rate.

Q. That is for the past and you have not accepted it. You said to Commissioner McLaurin that you would rather be free.

A. Free from being bound down to 65¢; I thought myself that it was small.

Q. My first name is Angus, Mr. Graham, and my being Scotch I would say I would rather have the 65¢ than nothing, but all that is dealing with the past, and not taking it and your statement that you wanted to be free, I don't understand it yet.

BY MR. FRAWLEY - Free to ask for more?

A. If you accept it, I feel that should our costs exceed that, I could not look for anything more.

BY COMMISSIONER MORRISON -m You wanted to be free to ask for more?

A. Exactly, as we require it.

Q. For 1943 you have not received anything?

A. Yes.

Q. You have received some?

A. Yes.

Q. Did it exceed 65¢?

A. No, it was very small.

Q. Then perhaps it would be fair to say you have been getting a subsidy?

A. Without doubt. I don't deny it.

Q. And what you really have refused is to commit yourself to 65¢ for the future?

A. Exactly.

Q. Not for the past?

A. Yes.

BY COMMISSIONER McLAURIN - So that you can draw a line at the end of 1943?

A. That is all settled.

BY COMMISSIONER MORRISON - In 1944 did you receive any subsidy?

A. Yes.

Q. Was it 65¢ a ton?

A. It didn't amount to that.

Q. And are you all settled with the Government for 1944?

A. No, not yet. It will probably be settled next week.

Q. I saw that one mining operation was having difficulty with the Government?

A. They have used us very fair.

Q. So when you state you didn't accept the 65¢, you really accepted what was paid to you, and what you didn't accept was a commitment for the future?

A. Yes.

Q. That is what you meant by being free?

A. Yes.

Q. It might be a dollar, and perhaps only 50¢?

A. Yes.

Q. And you would feel badly if you got 65¢ and were only entitled to 50¢, and by the same token you would feel badly if you got 65¢ and were really entitled to 70¢?

A. Right.

Q. In other words you want your pound of flesh?

A. I do.

BY MR. FRAWLEY - Do you lease direct from the Crown?

A. Yes.

Q. So you have none of these difficulties about depletion?

A. No.

Q. Do you sell quite a lot of coal to the Canadian National?

A. We do.

Q. Have you any comments to make on whether or not they are paying you as much, or more, or less, than they are paying other people?

A. No, I havn't. I don't know what other people are getting.

Q. Are they buying from you on a satisfactory basis? I mean basis of buying, not the price for the moment?

A. Quite satisfactory.

Q. What is the basis of buying?

A. Do you mean, have we a contract?

Q. Do they buy on B.T.U. or calorific basis?

A. They buy all we can supply.

Q. On what basis do they buy? How is the price arrived at?

A. Just so much per ton.

Q. Is it hammered out in negotiations?

A. We go to Montreal and meet Mr. Welby, and I think coal is worth so much, and he may not think it is worth that much possibly, and a compromise is usually arrived at.

Q. You arrive at what can be called a negotiated price?

A. Yes.

Q. Do you feel you are on as good a level as a seller? You don't feel you are in a buyer's market altogether?

A. No, I suppose we don't.

Q. You are able to argue with him the various factors that fix the price?

A. Our relations are cordial.

Q. And satisfactory? They are not taking advantage of you in the method by which they arrive at a price for your coal?

A. No.

Q. And they take now all you can supply?

A. Yes.

Q. In peace time was it quite like that?

A. I was not with this Company then, but I understand they had lots of idle time, but the largest consumer was the railway.

Q. 65% now. Was it that before the war?

A. Yes.

Q. Where does the 35% go?

A. To the Maritimes, particularly Nova Scotia.

Q. For domestic consumption, or industrial?

A. Domestic.

Q. Do you market a sized, treated coal?

A. No, no treated coal.

Q. A sized coal?

A. Just lump and run-of-mine.

Q. Run-of-mine, screened and slack?

A. That is right.

Q. Do you have any demand from your customers for a sized and treated coal?

A. No, I have not.

Q. I understand there is no difficulty in getting oil for treating, if you wish? That is not an obstacle so far as you know?

A. No.

Q. It is a fact that oil is available? There is no prohibition by the Canadian Oil Controller against oil for coal treating?

A. I have never made any inquiries.

Q. You don't know about that at all?

A. No.

Q. Have you anything in view for post war markets along that line Mr. Graham?

A. No, I have not.

Q. As far as you know your Company will continue to operate as they are operating now?

A. Yes.

Q. Perhaps it is because you have such a big portion of your product going to the Railway. That pretty well shapes your operation?

A. It has in the past, and I hope it will in the future.

Q. So you are not much worried about the disposition of the other 35%?

A. We will have our troubles in the post war period about that the same as in the past.

Q. Then why are you ruling out any consideration of sizing and treating to hold that market?

A. We have a lot of markets at the present time that we will not have post-war.

Q. You mean this 35%?

A. Yes.

Q. Why do you say that?

A. No one can think that Pictou Shipyards will be in operation after the war. They are our biggest customer at the present time.

BY THE CHAIRMAN - I am not so pessimistic as you are, Mr. Graham.

BY ?R. FRAWLEY - Is that a domestic market?

A. An industrial market.

Q. I am not altogether sure that I follow you when you say you won't have these markets and you associate that fact with your feeling that you don't think you will go after this domestic business with a sized and treated coal.

A. Well after the war people are going to demand the very best coal they can get. I don't think we can just put that on the market in competition with the Dominion Coal Company, or possibly Acadia Coal Company; therefore we will really have to take possibly second place.

Q. Are not your seams as good as the Acadia seams that they are working?

A. No, I don't think so.

Q. And the McBean Seam at Thorburn, is it also better?

A. It is a very good seam.

Q. And do you think it will command a market that your coal will not be able to participate in?

A. I must admit that.

Q. So you will not worry very much about going into a sized and treated market?

A. We may consider that. Those things have to be brought to the attention of the President and Directors, and there is a lot of spade work to take place before that will materialize.

BY THE CHAIRMAN - You have no facilities for that now?

A. No.

Q. The capital outlay would be considerable for that?

A. I think it would.

BY MR. FRAWLEY - But if you don't hold some market that way you will probably be faced with a shrinking market after the war?

A. That is right.

Q. And it will mean less output?

A. Yes, and idle time.

Q. That being what you really look forward to, what are your submissions to this Commission as to how that might be prevented, assuming that it would be desirable to prevent it, this idle time and decreased mine output?

A. I think Mr. Frawley that that is a point that is brought up by the Independent Coal Operators in their brief in regard to zoning.

Q. That was one of the things they submitted?

A. I examined the brief yesterday submitted by Dr. Cameron, the Deputy Minister of Mines, and I agree with Dr. Cameron in the zoning policy they have down there. I think Pictou County coals should be zoned for the railways and the Maritimes. I think that will take care of it.

Q. You have no aspirations to get into the Central Canadian market?

A. No.

Q. You think Pictou County should have the C.N.R. and the Maritimes?

A. Yes.

Q. And you think you could hold a place in that market probably without going into sizing and preparation?

A. Yes, I think possibly we could. But of course Mr. Frawley, if somebody else goes into that preparation of coal, business slips away from you.

Q. And then you have to consider it?

A. Yes.

Q. You have not turned your back on it?

A. No.

Q. But at the moment you are not particularly enthusiastic about it, but you may be forced into it?

A. That is right.

Q. Where is the sales policy of your Company laid down? In your office or the Montreal office?

A. In our office.

Q. So anything as far as sales promotion and that sort of thing, your Directors would probably act on your advice about?

A. They do.

Q. The Maritime market would not have to need the Pictou Harbor facilities at all, or would they?

A. I don't just understand.

Q. If you don't go into the Central Canadian market, you would not need to ship via Pictou Harbor?

A. No, we don't ship that way.

Q. Do you have any trouble with short production on Saturdays?

A. Yes.

Q. That puts your costs up?

A. Yes.

Q. And averages all your costs a little higher?

A. It does.

Q. What is the cause of that Mr. Graham?

A. Pretty hard to say, possibly two reasons. The workmen claim it is the Income Tax, and we claim possibly, I don't like to say it, that possibly the younger men are getting too much money. They are crippling us. I believe there should be apprenticeship.

Q. When you say, they are getting too much money, and the Income Tax operates too highly?

A. They lay off.

Q. Rather than work for the Income Tax, to put it crudely?

A. Yes.

BY THE CHAIRMAN - Which of course is not the case.

BY MR. FRAWLEY - I don't mean work for all the Income Tax, but I mean work for an amount of money the greater part of which would go into the Income Tax, for those particular days?

A. I am not going to get into any argument over that, but that is really what the majority of the people think today. That is the expression among the men on the coal face.

Q. Have you talked to your men about it?

A. Yes.

Q. Discussed it with them in meetings?

A. They are very frank about it. I have been out around the colliery and would meet a man and ask him why he was off yesterday - "Well if you seen what was off of my envelope for last week's work, you would skip a couple of days this week too."

Q. The men have told you that openly?

A. Yes.

Q. Without making any bones about it?

A. Yes, I have talked to the men in the mines. There is no place to talk to the men like their own working place.

BY THE CHAIRMAN - I think I talked with them, with you in your own office?

A. Exactly Judge Carroll.

Q. And got that answer?

A. Yes.

BY MR. FRAWLEY - Do you have any success in appealing to them that that runs your costs up and makes for poor economy all around?

A. Not that I could notice.

Q. When there are few men at the face you have to keep a full complement at the surface?

A. Last week we had to take men from the face for other jobs

to keep the mine up.

Q. How would absenteeism with you compare in percentage with now and 1938 or 1939?

A. It is only in 1941 that I went with this Company, and I don't think there was much attention paid to it at that time with that company.

Q. But you have made it your business to find out from the men's own lips why this occurs?

A. I have visited many men in their own working place in the mine for that purpose.

Q. You have told us about the Income Tax. Is there any other reason they give you?

A. No, that is the particular reason.

Q. When you said you thought the younger men are getting too much money, that is also related to this Income Tax, is it not?

A. Yes. I meant young men by working 4 days a week make enough money to carry through, while before the levelling up. went into effect they had to work five or six days to make things go.

BY COMMISSIONER MORRISON - Mr. Graham, I would refer you to page 1 of the brief you read, the second paragraph "The Company has a capitalization of \$1,750,000." Are you acquainted with the financial set-up of this Company?

A. Not a great deal. I will go as far as I can with you, Mr. Morrison.

Q. Is that paid up capital?

A. Yes.

Q. No water in it at all?

A. I don't know anything about that. It was done before my time.

Q. Who is the President of this Company?

A. Mr. Charles A. Patterson.

Q. And his address:

A. 391 St. James St. West, Montreal.

Q. And who are the Directors of the Company?

A. W. A. Angus, President of the Dominion Bridge Company,

Dr. J. H. A. Hickson, Retired, E. Clark Kennedy, General Manager of the Standard Life Insurance Co., and George Reaper.

Q. They all live in the City of Montreal?

A. Yes.

Q. Do they take any active part in the management and affairs of this Company?

A. The President visits us once a year, possibly twice some years, and gives it the once over.

Q. And this financial set-up of this Corporation that you have given us, the picture here, we would naturally have to get details as to how much water was in that \$1,750,000, and we would have to go to Mr. Patterson?

A. Yes.

Q. You can tell him we will want that, so he may as well be ready. You gave us your theory that the young men working in Westville were getting too much money?

A. To work steady.

Q. That is not just the way you put it. I understand that up at Westville you discuss a lot of matters with men in the pit?

A. Yes.

Q. It sounds like a very friendly operation. Did you ever get that opinion expressed by any of the men?

A. No.

Q. They didn't agree with you on that?

A. No.

Q. You also said about the men working in Westville before things were levelled up, would have to work 5 or 6 days to get by?

A. They only got \$3.54 then, now they get \$6.00 or \$7.00.

Q. You think they are getting enough now to get by in 4 days?

A. Apparently, if they are absent from the collieries they are getting by.

Q. Do you think the low wages that existed in Westville were justified?

A. At that time they were justified.

Q. You think they were justified?

A. Yes.

S.

-1053-

W. J. Graham

Q. You are serious about that Mr. Graham?

A. They were the highest wages paid in the County.

Q. The rest must have been pretty bad?

A. I had some experience in that myself before I went up there.

BY MR. FRAWLEY - They were higher at your mine than at the other mines?

A. Yes.

BY COMMISSIONER MORRISON - Are they today?

A. No, levelled.

BY THE CHAIRMAN - The men at Acadia were good enough to accept the low rate of wages in order to keep the mine going.

BY COMMISSIONER MORRISON - You mean they were silly enough.

I have never seen the man yet that is satisfied with low wages, have you Mr. Graham?

A. No.

Q. And it is a good sign they are alive when they seek higher wages?

A. Yes.

Q. Even General Manager's look for more sometimes?

A. Some are under contract and can't look for it.

Q. And you would have no quarrel with them if they did?

A. I suppose not. Our relations with the men out there Mr. Morrison are very very good, and there is not much trouble that wa

BY MR. FRAWLEY - You have no contract with the U.M.W.?

A. No. It is the Co-operative Labor Protection Association.

Q. Are they affiliated with the Canadian Congress of Labor?

A. Yes.

Q. Direct?

A. Yes.

Q. Not through the U.M.W.?

A. Yes.

Q. Has that been there a long time, that situation?

A. It was there previous to 1941, possibly 10 years. I should not make any mention of the time, but approximately.

Q. Before you went there?

A. Yes.

BY COMMISSIONER MORRISON - They were encouraged by the Company at the time, before you went there?

A. What does that mean?

Q. That they were encouraged to join by the officials prior to your time?

A. No. They had the U.M.W. there and they broke up and brought in this new one.

Q. With the blessing of the Coal Company?

A. I don't know whether the Coal Company had anything to do with it.

Q. I am informed that they did have the blessing of the Coal Company to have that kind of Union in Westville at that time. You don't know anything about that?

A. No.

BY MR. FRAWLEY - Is that what you call a Company Union?

A. No.

Q. Do they act as bargaining agent at any other mine?

A. Only our own.

Q. It does not function outside of the operations of the Intercolonial Coal Company?

A. No, the rest are U.M.W.

Q. But this Local confines its operations entirely to the miners of the Intercolonial Coal Company?

A. Yes.

BY THE CHAIRMAN - It is an off-shoot of the A.M.W. which tried to disorganize the U.M.W. in this country?

A. I don't know.

BY COMMISSIONER MORRISON - You say your wages are the same as are now paid at the Allen Shaft, we will say?

A. Yes.

Q. There was an increase of \$1.00 per day last year, was there not?

A. Yes.

Q. Did this Union of yours make any application for increased wages?

A. Yes.

Q. When?

A. I think it was December 1943. They made application to the War Labor Board.

Q. They made it after the U.M.W. had secured that wage increase in Western Canada, did they not?

A. They made it after the Acadia Coal Company and the Dominion Coal Company men made application.

Q. In other words they were good followers?

A. Yes, possibly they waited until they saw what the results of the others would be.

Q. In other words a small Union of that kind, their bargaining power is not very good?

A. I just don't like to agree with you in that.

Q. But after all here is a Corporation with \$1,750,000 capitalization, and here are 200 men out there - how many men have you?

A. 445.

Q. Well here are 445 men, and you would not suggest that their bargaining power would be too strong, Mr. Graham, in all seriousness?

BY THE CHAIRMAN - With whom?

BY COMMISSIONER MORRISON - With a Corporation of the size and magnitude that they are dealing with?

A. (by Mr. Graham) You are comparing that with a corporation of the size of the Dominion Coal Company?

Q. I am taking your corporation that you told us about, \$1,750,000 is no small corporation.

A. What is your question?

Q. I am asking you if you are serious when you tell me they have much bargaining power?

A. In answering that question, they come in when the contract expires and negotiate for a new one.

Q. The truth is that the contract between the U.M.W. and the other organizations is the one that guides you?

A. The dollar a day one.

Q. Is not that true?

A. Our Company paid higher than Acadia previous to the levelling up.

Q. They didn't pay higher than paid on Cape Breton Island?

A. I don't know. Our datal rate was \$3.54, whatever the rate was on Cape Breton Island.

EXAMINATION BY E. M. McDONALD

Q. There was a question asked by the Chairman this morning with regard to the amount of coal used in the Province for Air Force places and Army Units and camps. Probably you can give them some information with regard to your own output, with regard to what proportion of that amount was sold by you to the Department of Munitions and Supply?

A. It varied from year to year. Last year if I remember rightly we sold about 50,000 tons.

Q. And the two previous years?

A. Approximately the same. I believe 1942 was about 45,000 tons, and 1943 some place between 50,000 and 60,000 tons.

Q. But for a certain part of the year you were working exclusively for the Department of Munitions and Supply?

A. Yes. Some went to New Brunswick, but 90% of that amount went to Nova Scotia.

BY MR. FRAWLEY - That would be a third of your last year's output went to the Department of Munitions and Supply?

A. Yes.

BY COMMISSIONER McLAURIN - We have asked the Dosco Company for financial information and they have intimated that we were going to get it. Are you going to do the same with the Independents, Mr. Frawley?

BY MR. FRAWLEY - I think we have to select some representative Independents rather than go into them all, and perhaps Mr. Graham's Company would be just such a company.

BY COMMISSIONER McLAURIN - Could we not have Balance Sheets from all of the Independents, and information as to their dividend experience. I would like to find some company that is paying dividends, to cheer me up.

BY MR. FRAWLEY - I don't think it would be any burden on these companies, Profit & Loss statements and Balance sheets for the last two or three years.

BY THE CHAIRMAN - We want it for five or six years before the war.

BY MR. FRAWLEY - Can you supply that Mr. Graham?

A. We would be very glad to.

BY COMMISSIONER MORRISON - If you supply Mr. Graham with a Questionnaire he would let us have the facts. I am interested to see a company that is capitalized at \$1,750,000, and supplying this amount of coal, I would like to know what it was issued for, if for consideration other than cash.

BY COMMISSIONER McLAURIN - I think it most unfair to suggest any water until we have evidence of it.

BY COMMISSIONER MORRISON - I am simply asking about it.

BY COMMISSIONER McLAURIN - It becomes an honest difference of opinion as to what the attitude is.

BY MR. MACDONALD - This Company has a large investment in it outside of its operation as a coal mine.

BY COMMISSIONER McLAURIN - It only has \$1,750,000 issue.

BY MR. FRAWLEY - I would like to consider how far that Questionnaire should go.

BY THE CHAIRMAN - It is not very difficult. I think Mr. Justice McLaurin's idea is proper, if we are going to ask one company for a dividend sheet, we should ask all companies. A Balance Sheet for during the war and 4 or 5 years previously.

BY COMMISSIONER MORRISON - And cost of production, and a few other things.

BY THE CHAIRMAN - You prepare a questionnaire Mr. Frawley for the whole lot of them.

BY MR. FRAWLEY - Are there any other people appearing in support of Exhibit No. 28.

BY MR. MACDONALD - Very probably with Victoria and Hillcrest someone will appear in Amherst.

BY MR. FRAWLEY - In the opening page of the Exhibit the statement is made that eight of the independent corporations in this province have formed themselves into this Association "The Independent Coal Operators Association". In Cape Breton Island there are Bras d'Or Coal Co., Indian Cove Coal Company, and British Coal Company. We heard from Bras d'Or and British Coal Company, at least there was a brief there and Mr. Macdonald was excused from going into it in any detail, and we did not hear from the Indian Coal Company. On the Mainland there are Intercolonial Coal, Greenwood Coal, Hillcrest Coal, Joggins Coal and Victoria Coal Company. We have just heard from the Intercolonial Coal Company from Mr. Graham, and I understand we will hear from Joggins, Hillcrest and Victoria at Amherst.

BY MR. MACDONALD - The Victoria Coal did operate the mine which is at present operating by Hillcrest, and it is merely an historical background.

BY MR. FRAWLEY - That leaves Greenwood.

BY MR. MACDONALD - Mr. McLeod is in Ottawa at present on business in connection with his mine, and he has sent his apologies to the Commission in regard to it, and explaining his reasons for not filing any sketch of it.

MR. COMMISSIONER McLAURIN - So there will be no submission from him?

BY MR. MACDONALD - No.

BY MR. FRAWLEY - Now we might hear from someone in reference to the brief submitted by the towns of Stellarton, New Glasgow, Trenton, Pictou, Westville and the Municipality of Pictou.

FRANK H. SOBEY - EXAMINED BY MR. FRAWLEY

Q. You are the Mayor of Stellarton, Mr. Sobey?

A. Yes.

Q. And you are one of the signatories to this brief that I have been just talking about?

A. Yes.

Exhibit No. 56 - Brief submitted by Towns of
Stellarton, New Glasgow, Trenton,
Pictou, Westville and the
Municipality of Pictou.

MR. SOBEY then reads Exhibit No. 56, as follows:

The following brief has been prepared by the Town of Stellarton after consultation with the neighbouring towns in Pictou County, and the Municipality.

We desire to place before the Commission certain facts showing the dependency of Pictou County, and contiguous Counties, upon steady operating of the Coal Mines.

The County of Pictou has a population of 46,193 and an assessed real and personal property value of \$15,602,470. The whole economic life of this part of our Province has been built around the coal industry and to a large extent depends directly or indirectly on the operation of our coal mines for existence.

Our neighboring counties of Antigonish and Guysboro, with a population of 22,015 and assessed valuation of \$5,312,574 are also dependent on the coal industry because it is in the Pictou County towns that they find a market for a large part of their products.

The mines operating in Pictou County are the Greenwood Coal Company Limited, with mines to the east of the Town of New Glasgow employing 110 men; The Acadia Coal Company Limited, operating in the Town of Stellarton, employing 1299 men; and the Intercolonial Coal Company Limited operating in the Town of Westville and employing 407 men; making a total of 1816 men as of the November-December period of 1944, compared with 1963 men employed as of September 1st, 1939.

In the Town of Springhill more than 50% of the population is employed directly or indirectly in the mining of coal. Since the outbreak of war 762 men have left the mines to go into the Armed Services and only 306 of this number have returned to the mines, either on military discharge or on miner's leave.

Pictou County has five towns, four of them being situated in the eastern part, namely Trenton, New Glasgow, Stellarton and Westville, each bordering on the other in the order named. Trenton and New Glasgow are on the tidewater of the East River, Stellarton being just above, and Westville bordering Stellarton on the west. Pictou, the Shiretown, is situated on the north side of Pictou Harbor, a navigable harbor, and is about 16 miles by road from Westville and 5 miles from Trenton by water, or rail. The Acadia Coal Company Limited has a coal loading pier at Pictou Landing, which is on the southern side of Pictou Harbor, and is connected by rail with the four towns of Trenton, New Glasgow, Stellarton and Westville.

In pre-war days considerable coal was shipped by the Acadia Coal Company from there to the St. Lawrence market. The Prince Edward Island market, which used to be a very substantial one for our coal mines, is now practically extinct.

Although the different mines are situated in the respective places named above, it does not mean that only the residents of the various towns are affected. For example, a large number of residents of the Town of New Glasgow, which has no mine of its own, work in Stellarton, and a large number of Westville men work in the Stellarton mines and with the C.N.R. at Stellarton,

The town of New Glasgow is a shopping centre for the whole of the county of Pictou as well as Antigonish and Guysboro. The Canadian National Railways has its Divisional Headquarters in the Town of New Glasgow and a terminal at Stellarton. When the coal mines are operating, coal is moved by rail, with consequent steady employment on the railways. On the other hand, when the mines are only working part time a large number of Railway crews, engineers, firemen, brakemen, and conductors are unemployed or only working part time.

There is no means at our disposal of estimating the number of professional men, those employed in retailing and wholesaling, providing services and transportation, providing

education, etc., who depend wholly or in part on the coal mining industry.

The rural population in this and adjoining counties engage in general farming, dairying, raising of poultry and vegetables, and it is in our five towns that they find markets for their diversified products.

It will, therefore, be seen that it is not the individual town or community alone which is dependent upon our mines, but in effect the whole population of our County and adjoining ones and each and every individual is affected by reduction of work in the mines, even to the slightest extent.

We have had in the past examples of the effect of part time employment on our community from the year 1932 to '38. The mines were only operating part time with men drawing from \$9.00 to \$12.00 per week, some of the more fortunate ones working at the face from \$12. to \$18. per week. This was all they had to provide food, shelter, light, heat, clothing, medical attention, insurance and all the necessities of life for themselves and their families. This lasted for a period of six or seven years, and it is a tribute to the economy and thrift of our Pictou County miners and their wives, that they were able to bring up and educate their children as well as they did, under such conditions. However, this period took its toll, because when employment began to improve in the mines and young men were taken on, Company officials were amazed at the number of underweight boys from miners' families applying for work. The Management in discussing this matter with Town officials was quite frank in attributing this condition to malnutrition and the deplorable conditions under which they had to live during the years of unemployment.

To provide steady employment in our mines, it will be necessary to find markets for Nova Scotia coal, and it is our opinion that this could best be done by setting aside certain zones in the Provinces of Ontario and Quebec for the marketing of Nova Scotia coal, and that these zones should be large enough

to take care of the full output of our mines.

(Sgd) Frank H. Sobey
Mayor of Stellarton

(sgd) D. R. MacLeod
Mayor of Town of New Glasgow

(Sgd) A. P. Logan
Mayor of Trenton

(sgd) J. V. Harper
Mayor - Town of Pictou

(Sgd) John MacGregor
Mayor of Westville.

(sgd) F. H. McNail,
Warden, Municipality of Pictou.

The population of Pictou County was arrived at as follows:

Stellarton	5,500
New Glasgow	11,000
Trenton	3,000
Westville	4,500
Pictou	6,000
Municipality	<u>16,193</u>
	46,193.

Assessment Valuations:

Stellarton	\$2,396,625.
New Glasgow	5,871,975.
Trenton	1,512,060.
Westville	1,297,910.
Pictou	1,441,920.
Municipality	<u>3,081,980.</u>
	\$15,602,470.

BY MR. FRAWLEY - You heard what Mr. Graham had to say about absenteeism?

A. Yes.

Q. That was not a new story to you?

A. Well I hear quite a lot about it.

Q. Of the kind of absenteeism that Mr. Graham was talking about?

A. He talked of several kinds.

Q. Of men being avoidably absent from the mines?

A. He was referring to Income Tax.

Q. Yes?

A. I think that is one of the reasons. I don't know that it is all of the reasons.

Q. What other reasons are there that you know of?

A. Well a miner has to get up around 5 A.M. to go to work, and if he wants to have any social life at all he practically does not get to bed until 11:00 or 12:00 at night, and it does not give them very much sleep. I always feel if the miners went to

work at 8:00 o'clock it might help. That is one of the reasons I think. If a man has to get up at 5 o'clock in the morning, six days a week, it is bound to affect him.

BY COMMISSIONER McLURIN - It depends on which shift he is on?

A. That is right.

EKM. BY MR. FRAWLEY (continued)

Q. If he goes at 5:00 one week, he won't go at that hour the next week?

A. Some of them are on day shift steady.

Q. You say some go to work at 5:00 day in and day out?

A. I believe so. You can ask that of the operators.

Q. There is another angle about it. If absenteeism results in increased costs in getting out the coal, it is detrimental to coal economy in this district, is it not?

A. I believe it is.

Q. Has it ever occurred to you people, as Municipalities, that you might try to see what you could do about that?

A. It has often occurred to us and there have been discussions on it, but there are so many different angles to it. Operators have gone into it very thoroughly; and if the town officials got together and said to the men "you can't stay off work", do you think it would do any good?

Q. You think you are perfectly helpless?

A. I know we would not do anything to encourage them to stay off. We would be willing to do anything we thought would be beneficial, but for us to go and tell men they are losing too much time, I don't think it would do any good.

Q. But you might confer with Management and Labor and see if something could be done, having the interests of the community at heart.

A. That has been talked about. In fact there was a junior Board of Trade organized in New Glasgow about two years ago and they had that in mind and discussed it, but it is a pretty delicate question.

BY COMMISSIONER MORRISON - The extent to which you can go is to pass a pious resolution.

A. That is about right.

RICHARD CHOLMONDELEY - EXAMINED BY MR. FRATLEY

Q. Mr. Cholmondeley, you have come here to make a submission on behalf of the Town of Thorburn?

A. Yes sir.

Q. You have written it out in 2 pages, and you have an Appendix?

A. Yes.

Q. Then you had better read it to the Commission.

MR. CHOLMONDELEY reads Brief as follows:

This brief is presented on behalf of the Town of Thorburn, Pictou County, Nova Scotia, which has a population of about 1500 people and is and has always been a mining town, dependent on the coal mining industry for its welfare and livelihood.

In October 1938 the mine then in operation, (the six ft. seam) was closed down to the detriment of the people of Thorburn, who have since that time been subjected to Relief, aid from various sources in order that they may live, and through no fault of their own have been compelled to go to other places to look for employment.

We, the citizens of Thorburn, particularly the miners of Thorburn, are firmly convinced that this mine was closed by reasons of (see Appendix 1) mal-practices of mining by the Company then operating the mine, and left in that mine a good three-quarters of a million tons of coal which could have been extracted had the mine been properly operated. This mine, known as the 6 ft. seam, can in due course be re-opened and the coal extracted, but through the aforementioned mal-practices this will be a costly operation.

We would draw your attention to another seam known as the McBean Seam (see Appendix 2) with an estimated 5,000,000 tons of good coal within easy reach of railroad and road, a coal of very high quality. For information, this mine closed down on Christmas Eve 1889 and few men are living today who worked in that mine, but we are fortunate enough to have on our

Committee a man who actually worked in this mine and can give a very true picture as to the workings etc. at that time, for we believe that the plan (see Appendix 3) now in existence is not accurate, at least the plan that was shown to us by the present Minister of Mines when he visited Thorburn. Efforts have been made from time to time to have this mine opened and developed and there are records kept to show that has been done (see Appendix 5). We have been refused an opening by all whom we approached on this matter.

Our argument is brief and sincere. There is a good seam of coal (see Appendix 3) within easy reach of road and railroad. There is a slope existing in reasonably good condition - The Lanark slope (see Appendix 3) which was driven in 1917, and in a very short time coal could be produced from this slope and the needs of our country greatly aided if this mine was in operation. Our men (see Appendix 5) are anxious to get home and work in their home town and we argue too, that to open this mine it would be an ideal set-up to aid our boys now in the several services when they come home to be (see Appendix 5) rehabilitated. Furthermore, our town would benefit, the homes owned by the miners would be protected, our social and spiritual life would be enhanced and the neighboring towns would benefit with increased business. The operator (see Appendix 3) who drove the slope mentioned, has been here and offered to re-open this mine if he could get the leases. This man is a well known engineer and is still vitally interested in re-opening and developing this mine, if the leases can be taken from the present holders, who up to the present have shown no inclination to open this area at all, but rather they have done all in their power to oppose an opening here; As an illustration, in the McColl report you can see one argument (see Appendix 4) that was used by them to off-set an opening here, only to have this plan - that of driving stone slopes - declared obsolete by them when they thought the time was opportune to do so.

We would respectfully ask this Commission - if this, or any other operator is willing to come in and operate this mine, is it not possible to have the leases (see Appendix 4) taken from the present Company and allow this mine to be developed and operated by a person or persons interested instead of allowing the mining industry to be strangled by the Monopoly as is now in existence and controlled by Dosco? Our opinion is that Dosco is operating for the benefit of its shareholders and not for the benefit of the people of Nova Scotia and the good of the Province of Nova Scotia. We believe that this mine can, if properly developed, be producing 700 tons to 1000 tons (see Appendix 2) daily within a reasonably short time, say one year to eighteen months, after operations started.

All we ask is, that whoever opens this mine will be made to operate and develop, so that all coal will be extracted and not lost or made difficult to extract by reasons of malpractices such as the present company have been guilty of. Also that the operator will recognize the U.M.W. of A. as the men's Union and will enter all contracts etc. with the U.M.W. of A. Dist. 26. We wish to point out as strongly as we can, that any operator coming here will have great advantages, such as a road right at the mine, railroad within 1000 yds. of the Lanark slope, shipping facilities within twenty miles, cheap electric power at the mine and plenty of labor.

We have considerable documentation of value with respect to efforts made to have a mine opened and we are willing to place all documentation in the hands of the Commission for their scrutiny (see Appendix 5) if they do desire.

In summing up:- We firmly believe that there is no time like the present in which to develop and operate this mine, for this mine can produce and will produce more cheaply than some of the mines now operating; greater production will be assured and everyone knows that there is a market available both for coal and the by-products (see Appendix 5) of coal as used in essential war industries.

One or two questions come very forcibly to our minds at this time and we are deeply concerned as to:-

"What the future of Thorburn is going to be in the post-war period?"

"What will our men do when they come home from the various theatres of war and need rehabilitating, if there is no industry to come home to?"

"Are our men to be thrown back on relief measures?"

This happened before and is a present realism with us if nothing is done on our behalf. On the other hand, if we can get a mine operating here, we can see untold benefits for Thorburn, its citizens, and the surrounding districts; our Country's need for coal greatly aided; we can see a mine operating on a paying basis; greater coal production in Pictou County; an aid to the solution of the rehabilitation of our service men in the post-war period; a thriving industrial town instead of the existing ghost town; an added incentive to better business in all phases of the business life of Pictou County; a more happy and contented populace and the spectre of hard times with all its attending miseries and distress eliminated from our midst.

We are, Gentlemen, Respectfully yours,

(Sgd) George R. McLeod, Chairman of Committee
" Finlay McDonald, Member.
" Richard Cholmondeley, Secretary of
Committee, Thorburn, N.S.

This Brief was endorsed at a public meeting held in Thorburn on January 31st, 1945, by the citizens of Thorburn.

APPENDIX I - MAL-PRACTICES

Just prior (about 1 year) to the closing of the six foot seam, (closed Oct. 28th, 1938) the Company (Acadia Coal Company) ceased operations in the lower areas of this mine, abandoning machinery and unworked coal areas and came up near the surface and started operations on the 500 ft. level west, to extract the coal that had been left standing for years in order to keep intact the large Pond (Wooden's Pond) which lay immediately overhead.

The officials of Acadia Coal Co. had full knowledge of the existence of this pond overhead and full well knew that they were extracting coal too near the surface for safety, and this was pointed out by the mine committee of the U.M.W. at the time, but to no avail.

The men were ordered to extract this coal and this was done under protest by the men, with the result that when a great portion of this coal had been extracted the roof strata collapsed and the water entered the mine and flooded it, causing the loss of valuable machinery in the lower workings of this mine, such as a longwall cutting machine, Pan engines, pans, and other equipment. Also boxes of coal belonging to the men were left on the 2400 landing.

We contend that this action of extracting coal from the 500 level west was deliberate and previously planned by the officials of the company, and this bare-faced action of mal-practices of mining caused a good mine to be destroyed and coal areas belonging to the people of this Province of Nova Scotia and only leased by the Company, lost.

This mine can only be opened when the fissures in the roof strata that are broken heal themselves through nature's action.

APPENDIX 2 - McBEAN SEAM

Our estimation of 5,000,000 tons of coal is taken from the McCall Report of 1929, which in part states:-

The area is about 718 acres; life of area, with some 5,000,000 tons of coal in sight, if working full capacity, would last for 21 years. Further states that this area is capable of handling 500 tons per day and could be stepped up to 800 tons a day.

ANALYSIS OF COAL - taken from McCall Report.

S.			-1069-			Richard Cholmondeley	
Area	Moisture	Volatiles	Fixed Carbon	Ash	Sulphur	B.T.U. Dry	Ash melting Pt
Crop coal	--	29.75	56.33	13.90	0.41	12774	2700 F.
" "	--	30.46	56.54	13.00	0.47	12931	2640 F.
" #60	2.58	29.84	58.72	11.44	0.62	13320	2095 F.
" #62	--	29.21	59.45	11.34	0.41	13355	2540 F.
" #50	--	--	--	11.60	--	---	--

Area of McBean as taken from the Thomas Graham report of 1934 (see Appendix A, page 18 of that report).

McBean seam - Height 6 ft. - 3 ft. 6 ins. "Unknown" strata estimates at 2000 ft."

Mines Report of 1915 - page 97-8 shows a detailed report of Bore Hole #1 which was started in 1914, and when completed shows:-

The coal in the McBean seam or referred to as the vale seam in this report; Coal 1 ft. 6 ins.; 4 ins. of gray shale; 5 ft. of coal at a depth of 776 ft. 10 ins.

In our study we have not found any bore holes been sent down to any considerable depth such as we find in other areas to show the full extent of areas been fully explored. This is to be deplored when one is trying to show what coal reserves are in an area, and when trying to show that here is a large productive coal field whereby it will be profitable to mine coal on a large scale, therefore we can only show and ask that the McBean be opened for extraction and production of coal according to present estimates.

APPENDIX 3 - LANARK SEAM

We would refer you to read the report on the special committee dealing with reconstruction and rehabilitation held in Ottawa on Thursday, March 18th, 1943, page 69 - H. B. McCulloch, M.P. for Pictou, states:- I am not a member of this committee, but I am very interested in what has been said. Thorburn has a population of 1500, some 600 of whom are miners. In 1920 Mr. Charles Mitchell (Ed. by Brief Committee, The Engineer referred to in this brief is Mr. Mitchell) and myself contracted to drive a slope alongside the main seam. We sunk the slope 3,335 ft.

at no cost to ourselves. As a matter of fact we practically made money out of the sinking of the slope. They talk about \$700,000 to \$800,000 (see Appendix 4) that it is going to cost to get the coal out of this seam. I consider that a cost of \$250,000 would get into the seam where they would have marketable coal. Mr. Pool's report on that coal was that it was one of the best steam coals in the area, and I think that 500 tons a day could be taken out of that mine with the employment of probably a few hundred men and coal could be got out of that mine at the rate of 500 tons a day for rail haul. The rail is right at the mine. I think this is one of the best propositions in Nova Scotia today for the employment of service men when they come back from the war. Also I am very anxious for the coal miners to get back to their homes and I know they are very anxious to get back to them.

Mr. Charles Mitchell was here and wanted to get the leases, but was refused. The present Minister of Mines could tell why he was refused these leases better than we can. His idea was to go into the McBean through the Lanark Slope, then go east along a level there, thence back to surface through the Turnbull slope which is about 300 ft. from surface where it would be completed. This slope (the Turnbull) does not show on the sketch plan shown us by the Minister of Mines when he visited Thorburn last year with Mr. Frank Neate of the Coal Production Board. The \$700,000 to \$800,000 plan is now declared obsolete by the Company, and at Appendix 4 we will show - 1st, the detailed cost of this plan, and - 2nd, a copy of a letter sent to Mr. Mitchell by Mr. Gordon on this matter.

APPENDIX 4 - COST OF STONE SLOPES, McCall Report

Driving Slopes.....	\$220,000.00	
Slopes hoists.....	60,000.00	
Back slope hoist.....	10,000.00	
Air Compressor, 4000 cu. ft.....	60,000.00	
Compressed air mains.....	12,000.00	
Bankhead and connections.....	150,000.00	
Increasing size of electrical conductors on serial line.....	10,000.00	
Fan installation including shaft.....	18,000.00	
Pumping plant installed.....	70,000.00	
Development work underground.....	100,000.00	
Mine cars, 300 at \$120.00 each.....	36,000.00	
Coal cutters and conveyors.....	30,000.00	
Haulage engines underground.....	30,000.00	
Unwatering old workings.....	27,000.00	
Engineering.....	5,000.00	
Contingencies.....	12,000.00	\$850,000.00

We show this to the Commission as an illustration as to the proposed costs of entering a mine would be according to Company figures. To us this is absurd. Appendix 3 telling an impartial statement is a different story. Then we would point out that these stone slopes were to enter the coal below the old workings, therefore pumping old workings are not to be considered at all. Then the bankhead costs is not to be considered (see Appendix 5). We are of the humble opinion these figures were arrived at to try and show the impossibility of this undertaking, or to discourage other operators to come here; then when the Company thought the coast was clear, declared the plan obsolete.

Copy of letter sent Mr. Mitchell by Mr. Gordon in November 1943 on this matter. TEXT:

On the fifth instant you wrote Mr. Cross requesting a sub-lease of part of the McBean seam, within the leases held by the Acadia Coal Company. Mr. Cross has passed that letter on to me as President of the Acadia Coal Company, for reply:

It is necessary that any coal mining company should hold reserve areas for the continuity of its operations and reserve areas are particularly necessary where the mines being operated are as old as the Stellarton Mines of the Acadia Coal Company.

Not only must the Acadia Coal Company possess the McBean seam for future operations, but it must preserve any means of entry to the seam.

The Lanark slope is our only means of entering the McBean, although the McCall Report of 1929 favored entry through Rock Tunnels. Conditions have so changed since that time and improvements in coal handling equipment have been so great during the intervening years that in all probability the opening through which the Acadia Coal will work the McBean seam will be the Lanark slope.

You will readily understand, therefore, that since the McBean seam is required by the Acadia Coal Company for its own future operations it will not sub-lease any part of the area in which the seam lies.

LEASES - Release of leases: We would ask the Commission to peruse Section 233 of the Mines Act 1935 on page 87: We believe that this Section could be made to apply in our case; and given to any operator who will come in and develop this area.

APPENDIX 5 - LABOUR

We have our own men here who want to work at home. One of the excuses used by the Coal Production Board at Ottawa was that there is a shortage of man power and we have correspondence in galore dealing with this phase of the question, but as we state in our brief, our files are open for scrutiny by the Commission if they so desire, but we have so much data on hand, we believe it would take hours for the Commission to peruse all our documentation, so we ask that they take our statement as true when we say that the labour question is as we have stated.. One plea given on this question is that the Coal Production Board feel our men ought to go to the Stellarton mines. We assert that the Stellarton Mines are in no position to absorb more labour and they are not conducive for men to hire themselves there because these mines are not producing to any extent. Proof of this can be gained by checking the records of output as published in the Halifax Herald. Our men are for the most part employed at the Steel Works and Car Works at Trenton and recent events there show

that there is no future for these plants. They travel by truck and in this cold weather it is a hardship on the men, and as has been stated, they want to get home to work in their own home town.

POWER The Pictou County Power Board lines are within 200 ft. of the portal of the Lanark slope. There is sufficient power available to operate a mine.

RAILROAD The C.N.R. passes within 1000 yards of the Lanark slope, and while the old road bed is not fit for use, the road can be moved uphill a few feet and then ready for use. The McCall Report speaks of heavy grading etc. for a railroad, but we would point out that this deals with an opening near bore hole #62 and has no bearing on the slope we speak of.

BANKHEAD The McCall Report states: The mouth of the Lanark is situated in as bad a position as could be found, etc. if the idea of Mr. Mitchell is carried out (see Appendix 3) that of using the Turnbull slope and this feature of the Lanark bankhead would be eliminated; a temporary bankhead could be needed for a short period of time for at the portal of the Turnbull slope there is plenty of room for a permanent bankhead and this would cut down the trackage from the C.N.R. lines.

REHABILITATION Our contention is that there are no industries available here for the rehabilitation of our boys now in the service, and a mine opened would take care of the 200 of our boys from Thorburn, and would aid the county in general in the rehabilitation scheme, for we are of the opinion that other mines in Pictou County do not offer much in this field. Surely this question alone, if we are to live up to the promises made to our soldiers, sailors and airmen, is worthy of the deepest and most considerate attention of the pleas put forth by us with respect to a mine being opened.

ADDITIONAL INDUSTRIES Coal as we all know is an essential product in this country of ours, not only during the war periods, but in the post-war periods also, and we would point out that

every facility is here to erect and conduct plants for the production of the by-products of coal, for industry is leaning towards plastics and coal can be converted into many plastics and other by-products. Proof of this can be found by one visiting the House of Assembly in Halifax and there in a case is some 1000 or more by-products exhibited there; We have unlimited areas available for plant sites. Water and power is here and only needs harnessing for use; Municipal rates are cheap in this area and transportation is right at our door. Markets are available, and we have a finer class of labour than is usually found in many districts. Men and women who are industrious, sober, of high character and proud of their heritage of being Canadian citizens and Pictonians, mostly of Scottish ancestry and noted for their keen business abilities, integrity and honesty.

COUNTY COUNCIL RESOLUTION

If you will read the Minutes of the Municipality of the County of Pictou, you will find that they passed at their session in 1943 a resolution in favor of a mine being opened here in Thorburn.

- - - - -

BY THE CHAIRMAN - Is the mine which you are suggesting to be opened the McBean seam?

A. Yes sir.

Q. You heard rather good news about that this morning, didn't you?

A. Yes sir, but the people of Thorburn have received that news in good faith, but they don't like these providing there will be capital, or providing there will be labour, or something else. The day has gone when this "providing" works, we want actual facts and the truth. I am hoping it is true and that the mine will start, and that it has been given in good faith.

Q. You don't want to sit on your ores?

A. No, we want to see it and believe it.

S.

-1075-

Richard Chommondoley

BY MR. FRAWLEY - I understand there is an arrangement made between the Government of the Province that owns the coal, and the Acadia Coal Company. Is that right?

A. Yes.

Q. It came from the Government?

A. Currie said "the mine will open providing". We want a clear out statement that it is going to be opened, and then we will be satisfied. Only a few years ago the same story of capital came up and the miners of Stellarton and Thorburn dug down in their pay envelopes and helped finance this company..

Q. Which Company?

A. The Acadia Coal Company. In order to keep the industry intact the miners dug down and helped out from their own envelopes.

Q. Is there anything in the Appendix that you would like to call attention to?

A. Not now, since the Company has informed us that they will open the mine. That brief was written before the Minister of Mines announcement came over the air and we were ready to do battle to show that an opening was going on there; and we don't want to take up your time if the Commission can assure us that this can take place. Mr. Gordon has promised us.

BY THE CHAIRMAN - I have great faith in Mr. Gordon's promises.

A. We have done battle before, but we always get on just the same.

BY MR. FRAWLEY - You make a statement that it was malpractice in coal mining operations that lost a lot of coal in the old workings up there at Thorburn?

A. Yes.

Q. Was that brought in those days to the attention of the Mines Department of the Province?

A. Yes.

Q. Did they evaluate it and investigate it?

A. Nothing more than the Committees met in the office here and they went to Halifax and the only thing they said to us was

we cannot sell your coal. There was mal-practice out there and I think the Commission should know it. As it says in that Appendix they left the lower works and went up to the 500 level; the men raised a row but were ordered to go to work, and we sent a Committee down and objected to mining there, but they ordered the men to work, and at that time the onus of blame was put on the men, that we were overlastingly growling and not wanting to co-operate with the company, and we felt that the company was getting public sympathy and not the men. Under protest the men went in the 500 ft. level. We contended, and everybody knew, and those officials know of a pond about 1½ miles long and a mile wide, and those pillars had been left in 60 odd years to hold the water away from this mine. They deliberately go up in there against the men's advice and with full knowledge that they were against the Mines Act, and they extract a certain amount of coal, but they are cute enough to leave the pillars under the railway or they would have the railway after them, but when they got under the pond they pulled the pillars out and then the pond flooded the whole mine and they have lost the entire mine and the machinery that was left in the mine, and the boxes of coal belonging to the men; longwall machines there, and shaker pans, and engines.

BY THE CHAIRMAN - What year was that?

A. 1938.

BY COMMISSIONER McLAURIN - You say in Appendix 1 "It was a bare-faced act of sabotage, these circumstances you have just related, on the part of the officials of the Acadia Coal Co.?"

A. Yes sir, we do.

BY MR. FRAWLEY - Would not that have been exactly the kind of thing to bring to the attention of the Minister of Mines and have them stopped when they were about to do it?

A. He was approached, and we have men on the Committee here that went to Halifax, but he just shrugged his shoulders.

Q. You brought it to the attention of the Minister of Mines?

A. I was not on the Committee.

S.

-1077-

Richard Cholmondeley

Q. The U.M.W. brought it to the attention of the Minister of Mines, the things set out in Appendix 1?

A. Yes.

BY COMMISSIONER MORRISON - In fairness to the present occupant of that position, it was not Mr. Currie?

A. Mr. Dwyer.

Q. And he later became associated with the Acadia Coal?

A. Yes, and many are the battles we have had with him.

EXAMINED BY MR. GORDON

Q. I know something about this Mr. Cholmondeley, and is it not a fact that some machinery that was left in the mine prior to the basin being flooded, was left there because we could not get the men to take it out?

A. That was part of the argument.

Q. Is it not true that the equipment was not drawn because the men refused to take it out?

A. The men refused to move it until the dispute was settled, and it was never settled; the men went to work at 500, and that dispute was never settled.

Q. Is it not a fact that the only equipment drawn from the North Rise workings in Acadia No. 3 was drawn by officials?

A. That is true. It was a question of Union workmen, and the Company tried to get ahead of the Union, and they ordered the officials to go and pull that gear out of there, and they didn't pull it all. It is not so much the equipment, that is Company property and their loss, but my point is when the Company will go on and have these mal-practices of mining on leased areas that belong to the people and not to them, and deny a whole community of its livelihood from 1938 up to now. We are citizens of Canada and have rights to the fruits of our labor and to any profits of anything owned by the people. But we have to get down and eat humble pie and go on relief and dig in snow, and it is not fair to the men or women and to the kids who we are trying to bring up, and not fair to the boys that are in khaki today and could have been working in that mine except for

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-1078-

Richard Cholmondeley

this, and the first dollar they ever earned they earned in the King's khaki,

BY THE CHAIRMAN - I have three boys in the same position.

A. We do maintain that through mal-practice and deliberately by the company, there is a mine lost out there, and it will be a long time before the coal will be recoverable, and that is one of our sore points.

BY THE CHAIRMAN - Consideration will be given to your brief Mr. Cholmondeley. There are a good many things that this Commission cannot do. But personally I have faith, because I have gone into the thing not only with some of the Management here, but with the Government, and I have faith that you will see this McBean mine opened. Perhaps through no efforts of ours at all, I am not suggesting that.

BY MR. GORDON - This morning I made a statement that water-borne coal from Pictou Landing to the St. Lawrence market carried no subvention. It has been drawn to my attention that some shipments of coal to the St. Lawrence markets between 1936 and 1939 did carry a small subvention under P.C. 1862 of August 4th, 1936.

BY COMMISSIONER McLAURIN - Just to get to Montreal by water?

A. The bulk of that went to Levis and Chicoutimi.

BY MR. FRAWLEY - That was a subvention putting Pictou County coal into Levis and Chicoutimi?

A. Yes.

BY THE CHAIRMAN - I was going to ask you a question about that this morning but was not just sure of my ground.

BY COMMISSIONER McLAURIN - What did it amount to?

A. 12¢ and 14¢ a ton, the subvention.

Q. Did the Dominion get that too? Was it generally applicable to Nova Scotia coal?

A. I can't tell you that.

Q. Do you know why you got it?

A. I don't know anything about it.

BY MR. FRAWLEY - The P.C. generally recites the reasons for the subvention? A. Yes.

HEARING ADJOURNED.

EXHIBITS:

- No. 1(a) - Letter from F. W. Gray to
J. J. Frawley, K.C., dated
Feb. 1st, 1945, with accompanying
statement.page 1081
- No. 58 - Submission of United Steel Workers
of America - Date 8/2/45...page...1082



THURSDAY, FEBRUARY 8, 1945.

The Commission convened at the Town Hall, Stellarton, N. S. at 10:00 o'clock A.M.

PRESENT: Mr. Justice W. F. Carroll, Chairman

Mr. Justice C. C. McLaurin, Commissioner

Angus J. Morrison, Esquire, Commissioner

J. J. Frawley, K.C., Commission Counsel

J. L. Dubinsky, Assistant Counsel

Robert D. Howland, Secretary.

BY MR. FRAWLEY - I want this morning to refer to a submission which was handed to the Board, and myself, and the Secretary, which is called "Submission to the Royal Commission on Coal by District No. 26, Section 5, United Mine Workers of America, New Glasgow, Pictou County, February 1945". It purports to be signed by Vibert Douglas, Professor. I am now advised that the Brief is to be withdrawn. It may be submitted at a later date, I don't know, but it is not to be submitted at this time. It is being withdrawn now.

BY COMMISSIONER MORRISON - By whom were you advised?

BY MR. FRAWLEY - By the Research Director of the United Mine Workers of America, District No. 26.

Now I want to refer to a communication which I received from F. W. Gray, Assistant General Manager of the Dominion Steel & Coal Corporation, Ltd. In Exhibit No. 1 there appears at page 9 a statement called "What proportion of Canadian Energy Consumption comes from Canadian sources of supply", and there was a comparison of the changes between 1927 and 1943.

Dr. Gray writes me in this regard, as follows:-

"Sydney, Nova Scotia,
February 1st, 1945"

J. J. Frawley, Esq., K.C.,
Chief Counsel,
Royal Commission on Coal,
Lord Nelson Hotel,
Halifax, N. S.

Dear Sir:

You asked during my presentation of the main brief of the Corporation that I would rearrange the tabulation on page 9 of this brief so as to compare the years 1938 and 1939 with 1927 and leave out the war-years. This has been done in the statement enclosed (three copies).

The arrangement indicates the declining use of coal in energy generation in the immediate pre-war years and its supersession by its competitors, hydro-electricity and petroleum with its products. I have taken the average of 1938 and 1939 which ought to be representative of the stage at which we had arrived when the war commenced.

It occurs to me that the Commission might well take favorable cognizance of the great assistance given to all students of coal - trade statistics by the Dominion Bureau of Statistics - from whom my figures were obtained - especially their Annual "Coal Statistics of Canada" a most valuable and indispensable source of authoritative reference.

Yours truly,

(sgd) F. W. Gray

Assistant General Manager.

c.c. Messrs. T. L. McCall
T. S. McLanders
L. D. Forsythe."

That letter is from Mr. F. W. Gray, and I will file the statement which accompanied Dr. Gray's letter, and that will be Exhibit No. 58.

BY COMMISSIONER McLAURIN - How about putting them all together and calling them Exhibit No. 1(a) because they go with Exhibit No. 1?

BY MR. FRAWLEY - I don't like the a's and b's, but in this case it is tied into it, and is something added to that, and I think probably it is a good idea. So Dr. Gray's letter to myself, with accompanying statement, will be Exhibit 1(a).

EXHIBIT No. 1(a) - Letter from F. W. Gray to J. J. Frawley, K.C., dated Feb. 1/45, with accompanying statement.

The following is the statement which accompanied the above letter from F. W. Gray.

SOURCES OF ENERGY USED IN CANADA
(in equivalent tons of coal)

	1927		Average of years 1938 and 1939		Percentages of 1927
	Tonnage	Percent	Tonnage	Percent	
Canadian coal	16 millions	30%	14½ millions	24½%	90%
Canadian Petroleum & Gas	¾ "	1½%	1½ "	2½%	200%
Water-power electricity	13 "	24½%	19 "	3½%	146%
Total Native Sources	29¾ "	56%	35 "	59¼%	118%
Imported coal	19 "	35%	15½ "	26%	82%
Imported Oil	4¾ "	9%	8½ "	14½%	178%
Total Imported	23¾ "	44%	24 "	40¾%	101%
TOTAL USES	53½ "	100%	59 "	100%	110%

SYDNEY, N. S.

February 1st, 1945.

BY MR. FRAWLEY - Now the brief of the United Mine Workers having been withdrawn, there only remains a submission by the United Steel Workers of America, and I understand that Mr. J. H. Power, K.C. is here to present that, and it will be marked Exhibit No. 58.

EXHIBIT NO. 58 - Submission of United Steel Workers of America - Date 8/2/45.

MR. J. H. POWER, K.C. then reads Exhibit No. 58, as follows:-

The United Steel Workers of America are grateful for the opportunity of presenting this submission to the Royal Commission inquiring into the coal industry of Canada.

1. PRELIMINARY

In analyzing the structure of industry in Nova Scotia, it may be somewhat trite to say that maintenance of the coal mining industry is vital to the economic life of the Province. However, nothing can be lost through repetition of the fact; rather, it may be well to begin by once again re-emphasizing the point in order to keep a proper perspective throughout our discussion.

Especially is the mining of coal in Nova Scotia of the utmost importance to the province's relatively large steel industry. This latter industry consumes great quantities of coal and coke annually and is in itself the employer of one of the largest groups of industrial workers in the community.

The proximity of the steel mills to the coal mines assures the latter of a more or less permanent market for roughly ten percent of the total coal production of Nova Scotia. In 1943, for example, twenty-five percent of the coal mined by Dominion Coal Company, the chief producer in the locality, was used in the steel plants of the province. Apparently from fifteen to thirty percent of the coal annually mined by Dominion Coal Company is used in this manner. the balance of the province's production is distributed largely for domestic consumption both in the Maritimes and throughout Eastern and Central Canada.

Of no less importance to the economy of Nova Scotia is the maintenance of its great steel industry. As already pointed out, the maintenance of the coal industry is of the utmost importance to the continuance of the steel industry in Nova Scotia. Without the proximate and readily available source of coal, the steel industry of Nova Scotia would fall rapidly into decay.

The two industries are in this instance inseparable - without the one the other must suffer and perhaps succumb. In like manner both industries are woven into the economic life of the community that is Nova Scotia. If, as now appears inevitable, economic planning on a national scale is needed to prevent the recession and possible ultimate destruction of the community as an industrial centre, such planning should be undertaken without further delay in order that what might later appear to have been unnecessary loss may be obviated as quickly as possible.

2. THE COAL INDUSTRY

Several tables, made up for the most part of figures emanating from the Dominion Bureau of Statistics, will serve to illustrate in brief fashion the close connection between the coal industry and the iron and steel industry of Nova Scotia. At the same time some of these tables will serve to emphasize the dependence of the people of Nova Scotia on these two major industries.

TABLE NO. 1

Coal produced in Nova Scotia, 1938, Tons.....	6,236,417
" " " " " 1943 "	6,103,085
Coal used in the iron & steel industry 1938 "	605,000
Coal used in the iron & Steel industry 1943 "	917,000

The figures quoted for the amount of coal used in the iron and steel industry in Nova Scotia are in the form of the coal equivalent of the coke used. Some of this coal was used for fuel purposes and the balance was used for coking

TABLE NO. 2.ANNUAL COAL PRODUCTION OF THE DOMINION COAL COMPANY

1938 - 4,980,859 tons	1941 - 4,522,062 tons
1939 - 4,563,829 "	1942 - 4,486,234 "
1940 - 3,911,290 "	1943 - 3,719,055 "

The average annual production of the Dominion Coal Company for the twenty-year period, 1924 to 1943 inclusive, was 4,103,906 tons. Comparing certain of the figures in tables one and two, it may be seen that in 1938 one company, the Dominion Coal Company, produced sixty-three per cent of the coal mined in Nova Scotia. In 1943 it produced sixty-one per cent. From the data available, it seems unlikely that the Dominion Coal Company has produced less than sixty per cent of the total supply of coal mined in Nova Scotia for the past two or three decades.

In addition, it is clear that the amount of coal produced by this company is well in excess of the requirements of the parent concern, Dominion Steel and Coal Corporation Limited, for its iron and steel operations in the province. In 1938 this industry consumed ten per cent of the total coal mined in Nova Scotia or twelve per cent of the production of its subsidiary. In 1943 the figures were fifteen and twenty-five per cent respectively.

Before leaving the coal industry, there are certain other matters that require some mention. Chief among these is the fact that through the processing of coal to manufacture coke, a whole series of by-products is derived. These by-products are steadily becoming of increasing importance in modern life and doubtless will be of more and more significance as scientific research is turned from seeking means for man's destruction to seeking means to build a better life.

BY THE CHAIRMAN - Mr. Power, when you talked about the amount of coal used by the Dominion Steel Company. That does not mean that all of that coal of course goes for steel manufacture?

A. Oh no, no.

BY THE CHAIRMAN - I wonder if we have the figures?

BY COMMISSIONER McLAURIN - I think we have the coke figures somewhere.

BY MR. FRAWLEY - We have them all.

MR. POWER continues Brief

In his book, "Men and Coal", McAlister Coleman gave an excellent picture of what has already been discovered concerning the chemical properties of bituminous coal. He also indicates some of the possibilities deriving from these properties. As stated quite early in this book, the by-products of coal run "from pitch tar to Nylon stockings".

Later in this same work the author describes the products that emerge as coal goes through the coking process in a modern Koppers oven.

First comes coke, gas, sulphate of ammonia, benzol, toluol, xylol, crude naptha and coal tar. From coal tar is derived hydrocarbons, phenols and certain bases used for further distillation. Other by-products of bituminous coal (the kind produced in Nova Scotia), include dyes, medicines and plastics. Plastics will definitely assume a much greater importance in the future when industry turns to producing consumers' goods; the importance of dyes and the medicines derived from coal is already well-established.

The by-products listed above are only a small part of the total number that can and are being derived from coal. As Julian Huxley, the famous British scientist, has pointed out, coal is actually too valuable to burn; other, more important, uses are being found for it from day to day.

These facts indicate some very interesting possibilities for the coal industry of Nova Scotia. On the basis of the scientific research already completed, it would seem reasonable to believe that new types of industry, based on Nova Scotia's coal resources, might well be established in the province. However, here too is a matter that requires planning on a national scale. A national scientific research and planning

committee to investigate the coal industry and formulate a plan based on these investigations, would undoubtedly go far towards solving the problems of that industry in Nova Scotia. In place of what appears to be an ebbing industry, a new era of economic prosperity might well result from an honest effort to overcome present difficulties through national economic planning.

Perhaps one other feature of the coal industry of Nova Scotia is of some importance as regards the suggestion of a national economic plan that would embrace the problems that are peculiar to the province. In this we refer to the freight subsidies granted Nova Scotia products in order that those products might compete with the products of more favorably located industries, on the markets of Central Canada. Particularly significant for our purposes is the preferred treatment accorded Nova Scotia coal.

The Manitoba Freight Rates Act of 1927 granted a general reduction of twenty per cent on freight rates in the interests of industry in Nova Scotia. Such was held to be a right of the province arising out of Confederation.

BY MR. FRAWLEY - A correction there, Mr. Power. That should be "Maritime" Freight Rates Act.

A. That is right.

BY COMMISSIONER MORRISON - I thought he had reference to the subsidy that they were getting on grain shipped out of here.

MR. POWER (continues brief)

There is also a special subsidy of two dollars per ton on coal shipped from Nova Scotia to Central Canada. There are certain qualifications to the above named legislation, but the basic principles are as indicated above.

The subsidy on coal and the freight reduction on other commodities meant important economic gains for the province, and, as such, have proved of some benefit. It was evidently recognized at the time that any further recession of the province as an industrial centre would not be without repercussions throughout Canada. Today the problem is becoming

still more acute. Reduction of the coal and steel industries of Nova Scotia would mean that the industrial decay of the Province, so long an apparent possibility, would only be hastened.

BY MR. FRAWLEY - Would you mind going back to the bottom of page 6. You say - "There is also a special subsidy of two dollars per ton on coal shipped from Nova Scotia to Central Canada."

Do you mean for subvention?

A. Yes.

Q. You say two dollars per ton. Perhaps you have in mind that that is the maximum?

A. That is right.

MR. POWER continues brief.

Rather than attempt further to facilitate the production of Nova Scotia coal for fuel purposes elsewhere in Canada by any further subsidies of the above mentioned type, funds should be set aside for the purpose of establishing whatever new industries were found feasible through the sort of investigations previously outlined herein. Once again we reiterate the needs for national planning. Rather than allow Nova Scotia to recede from its position as an integral part of Canada's economic life, steps must be taken to stop the all-too-obvious trend of industry away from that area.

The concentration of industry, wealth and economic power in a relatively small portion of Central Canada is not in the best interests of the nation as a whole. Not only must the old established industries of Nova Scotia be protected, but new industries, that would act as plasma to reinvigorate the economic pulse of the province, must be planned and developed. Such industries would also act as a counterbalance to the growing centralization of wealth and work in Central Canada. Only in this manner can the problem of the Maritimes be settled.

The creation of new industry in Nova Scotia would have one further desirable effect, a greater demand for the products of the rest of Canada would be created and the whole nation would benefit therefrom.

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These, then, are the main reasons for a thorough re-designing and overhauling of the economic structure of the province of Nova Scotia. A re-interpretation of the principles underlying Confederation is demanded by the exigencies of the times.

BY THE CHAIRMAN - Can you get some time in the near future a very concrete, would I say, word from the Commission which has been investigating these things in Nova Scotia?

A. Yes.

Q. It is coming out later?

A. Yes.

Q. I don't know what it is all about but they say it adds some light to the whole thing?

A. Yes.

3 - THE STEEL INDUSTRY

Alongside, and largely dependent upon the coal industry, is the great steel industry of Nova Scotia. The basic steel industry and, indeed, most of the primary iron and steel industry of the province, is operated by Dominion Steel & Coal Corporation Limited. This large and sprawling company controls at least twenty eight subsidiaries throughout the Maritimes, Quebec and Ontario.

The total assets of this corporation amount to nearly sixty-nine millions of dollars and in Nova Scotia it employs over eighty per cent of the workers in the primary iron and steel industry of the province. One company then controls the main industry of Nova Scotia; earlier we saw how the same company controls the coal industry as well. Through these two industries that company has the power to regulate the economic life of Nova Scotia.

Some conception of the relative position of Nova Scotia's iron and steel industries compared to all of Canada may be had from the following tables. These tables, when considered along with the two foregoing paragraphs, are also of some value in understanding the position that Dominion Steel and Coal Corporation holds in the industrial life of Nova Scotia.

TABLE NO. 3.The Primary Iron and Steel Industry (at end of 1941)Nova Scotia compared to all of Canada.

	<u>Nova Scotia</u>	<u>Canada</u>	<u>Per Cent Nova Scotia to Canada</u>
Number of Plants	6	63	9.5
Capital employed	\$49,399,083	\$235,386,238	21.
Average number of employees	6,899	34,222	20
Salaries and wages	\$11,176,181	\$65,645,468	17
Cost of fuel and Electricity at works	\$ 2,189,508	\$18,985,135	11.5
Cost of materials at works	\$12,199,604	\$101,413,794	12
Gross selling value of products at works	\$23,931,519	\$223,951,059	10.6

The significant facts brought out by this table are that the steel plants of Nova Scotia are somewhat larger than the average in Canada, both in relation to capital employed and number of employees engaged; that wages are somewhat lower than average; that costs of fuel and materials are lower than average; and that gross selling value of products is also lower than the average.

To state the same thing in a different way, less than ten per cent of the steel plants in Canada are located in Nova Scotia, but these plants employ slightly over twenty per cent of the total capital used and twenty per cent of the employees engaged in the primary iron and steel industry of the nation. This section of the industry pays wages somewhat lower than the rates prevailing elsewhere, that is, twenty per cent of the workers receive seventeen per cent of the wages paid in the industry.

Also, although more than average capital is employed in the industry in Nova Scotia, apparently costs of production are substantially lower than the average. Lower wages and proximity of raw materials would account for most of this difference. Offsetting this factor of lower costs of production is the lower than average gross selling value of the products at the works.

TABLE NO. 4.Consumption of Pig Iron in Nova Scotia and Canada:

	<u>1939</u>	<u>1940</u>	<u>1941</u>	<u>1942</u>
Nova Scotia	300,431	435,854	430,028	441,813
All Canada	883,428	1,299,063	1,631,566	1,930,642

TABLE NO. 5.Production of Pig Iron in Nova Scotia:

1938 - 270,879	1941 - 421,296
1939 - 290,232	1942 - 467,951
1940 - 441,741	1943 - 345,722

TABLE NO. 6.Number of Blast Furnaces in Nova Scotia and Canada:

Nova Scotia	4 stacks, 1960 tons daily capacity.					
All Canada	14	"	7557	"	"	"

TABLE NO. 7.Number of Blast Furnaces in Nova Scotia and Canada:

Nova Scotia	16 furnaces, 750,400 net tons annual capacity					
All Canada	137	"	3,619,400	"	"	"

Tables four, five, six and seven show clearly the relative size of the primary iron and steel industry in Nova Scotia as compared to all of Canada. With only five per cent of the total population of Canada, Nova Scotia has from one-fifth to one-third of the total national capacity of this industry.

Certain other relevant facts illustrate conclusively the almost overwhelming dependence of Nova Scotia on the iron and steel industry. For example, nearly twenty per cent of the wages and salaries paid out in the province are received by workers in this one enterprise. Roughly twenty per cent of the value of materials used in manufacturing go into the iron and steel mills in the province. The gross value of the products of this industry is approximately twenty per cent of the gross value of all articles produced.

Again, a comparable twenty per cent of the total

capital invested in Nova Scotia is employed in the same undertaking, and roughly twelve per cent of all the industrial workers of the province are engaged in manufacturing iron and steel and their products - all this with only one-half of one per cent of the total number of industrial establishments in the province.

That there is clearly the danger of the iron and steel industry of Nova Scotia being transplanted to Central Canada, was brought out by the evidence submitted to the Provincial Commission appointed last year to inquire into the operations of Trenton Steel Works, a subsidiary of Dominion Steel and Coal Corporation, at Trenton, Nova Scotia.

It was unequivocally demonstrated that Dosco had little or no intention of replacing worn out equipment in at least a part of its giant Maritime works. Rather, these departments were to be let go out of existence, and new plants, producing the same types of product, were to be built and extensively developed in the Province of Quebec, at Montreal.

Just as clearly was it shown that had appropriate depreciation reserves been established, had modern equipment been installed, and had more efficient methods of production been enforced, the plant at Trenton need not have shut down. Further, a competitor of Dosco was able to sell its products in the Maritimes, thereby refuting a portion of Dosco's claim that it was forced to move its plant to Central Canada in order to be near markets.

Obviously then, for reasons not clearly established, there is the desire on the part of certain sections of industry to transfer operations out of the Maritimes. Such an event must not be permitted.

At the present time Dosco is producing, among other things, a large percentage of the steel rails manufactured in Canada. Most of this production is for the export trade for which Dosco is ideally situated. The export market for steel in the post-war period will be of major importance in world

trade. It is therefore in the best interests of the nation to advance those measures which will ensure that the products of our steel mills will be in a competitive position with like products of the other steel exporting nations of the world.

With steel as with coal, economic planning on a national basis is required to overcome the obstacles that tend to restrict the development of a more successful enterprise in Nova Scotia. The interests of the Maritimes, which in the final analysis are the interests of Canada, must take precedence over any private interests that may be in conflict with the common good.

If the trends which are now clearly visible are permitted to continue, there will be still greater concentration of industry in Central Canada while the development of the Maritimes is permitted to lag. Since the decay of the Maritimes as an industrial force is an all too apparent possibility, (and in part we have in mind what transpired here following the first world war) and because such decay is opposed to the national interests, it is our firm belief that only those measures suggested herein will avail to overcome the present trends and permit the introduction of ways and means leading to a reinvigoration of the economic life of Eastern Canada.

It has been stated by representatives of the Company, at various times and places, that if it is compelled to enter a competitive market the excessive costs of production will force it to suspend operations. That the operating of the past few years has been only possible as the result of a substantial government subsidy.

The company has given various reasons for the excessive cost of producing steel, among others being a so-called metallurgical problem caused, in part at least, by the use of a poor grade of iron ore and a coal with a high sulphur content. The employees who might be effected by a suspension of operations think that it is possible other factors enter into the high cost of production, possibly inadequate management, the use of obsolete machinery and outmoded metallurgical methods.

It is respectfully suggested, therefore, that if there is any possibility of this industry closing, as has at least been inferred, that a steel expert be engaged by the Dominion Government to make a thorough investigation into the industry to determine the reason for the excessive cost of production, and its elimination, if possible.

Should the steel plant at Sydney close, the largest single consumer of coal in Nova Scotia will pass out of existence, since, as has been shown hereinbefore, the company used from fifteen to twenty-five per cent of the total output of coal mined by Dominion Coal and Steel.

4 - GENERAL

There are other reasons why both coal mining and iron and steel manufacturing must be maintained in Nova Scotia. Although vital to the economic life of the province, space does not permit lengthy comment on these matters at this time. Briefly, then, these reasons are as follows:

Firstly, the mere fact of the location of these enterprises in the province creates a demand for the products of the agricultural and fishing industries. Farmers and fishermen alike find a ready market for much of the product of their toil.

Secondly, from the two major industries there derives a demand for other consumers' goods as well as food. The building and maintenance of homes, the public services of all sorts, and the goods and commodities that are daily requisites, all find a ready market in meeting the demands of the industrial workers of the province. Thus there is created, both outside and within Nova Scotia, other types of industry, employing many workers and meeting the demands for all the sorts of consumers' goods produced by modern enterprise.

Thirdly, the location of the coal mines and the iron and steel mills in Nova Scotia act as attractions to draw other types of fabricating industries to the area.

Fourthly, the development of these industries and of others will mean the growth of population in Nova Scotia.

The drifting of so many of the young and vigorous away from Nova Scotia to the New England States and to other parts of Canada might be stopped. Greater population in the Maritimes will in turn mean greater markets for their products as well as for the products of the rest of Canada.

Because of these considerations, in addition to those others previously mentioned, the maintenance of the two major enterprises of the province is indispensable.

CONCLUSIONS

Emerging from our analysis of the situation under consideration are certain facts felt to be of prime importance. Summarized briefly they are:

- (1) The largest and most important industrial undertakings in Nova Scotia are coal mining and iron and steel manufacturing.
- (2) These two enterprises are dependant upon and inseparable from one another.
- (3) A substantial proportion of the coal produced in Nova Scotia, and especially of the coal produced by the Dominion Coal Company, is consumed in manufacturing iron and steel and their products.
- (4) The steel industry of Nova Scotia is relatively very large when compared to all of Canada, but it can and should be further extended.
- (5) The possibility of a reduction in coal mining or the removal of more industry from Nova Scotia must be prevented.
- (6) The economy of Nova Scotia depends upon the maintenance of coal mining and iron and steel manufacturing.
- (7) Finally, national economic planning on an over-all basis must be undertaken in order that depressed or deteriorating localities may be so re-invigorated that they can assume their proper place in the national picture.

These then are the facts. What remains is the formulation and putting into effect of a scientific plan which will provide the solution of the economic problems now confronting Nova Scotia. Without this plan the continuing prosperity of the Community is open to doubt. Whatever issues may be involved, the public interests must take precedence over other considerations. Only in this manner will the common good be served.

THE UNITED STEELWORKERS OF AMERICA
(sgd) C. H. Millard, National Director
(sgd) J. Stanley Hessian, Dist. 5 (Maritimes) Director
" W. E. Cleve Kidd, Research Director.

EXAMINED By Mr. Frawley.

Q On page 6 you say that "a national scientific research and planning committee to investigate the coal industry and formulate a plan based on these investigations, would undoubtedly go far towards solving the problems of that industry in Nova Scotia." Now there is not only the National Research Council, as you know, but there is a very well staffed Fuel Research Laboratory in Ottawa. Would you mind just elaborating on what you had in mind when you said "a planning committee"?

A Well, what you have just said is in effect what we meant, but we feel that when you speak with reference to this Research Bureau in Ottawa, we feel that advantage is not taken of it. For instance, some time ago there had been investigations undertaken as to the possibility of the extraction of oil from coal and I think that in most of the major coal fields in Canada the extraction possibilities of the coal were looked into, with I think the exception of Nova Scotia. Naturally we wonder why.

Q You say that it is not taken advantage of sufficiently? Didn't you have something more in mind when you spoke about a planning committee, or did you just mean something added on to this research laboratory?

A That's all, yes.

BY COMMISSIONER McLAURIN: What do you mean by "national economic planning"? Just tell us in a few words what you have in mind.

A Well, I suppose what we have in mind is a board of some nature concerning the possibility of planning the economy of the country with reference to the various localities.

Q They have those in Russia. They have boards that make a country a totalitarian organization. Is that what you have in mind?

A Modified, yes.

Q If you are going to come to a totalitarian principle, when then, yes. What you mean is that economic planning means something towards a totalitarian economy?

A Well, no, I wouldn't say exactly towards a totalitarian economy. I would say an economy that is not primarily concerned with the profit motive.

Q Well, that is a totalitarian economy?

A Well, possibly you might call it that.

Q Well, is there any reason in this country now that there should be any running away from the issue? There is one group of people in the political field that believe in the maintenance of a capitalistic profit system; the other group must mean the reverse. That is, the only thing they can mean is a totalitarian scheme of probably Russia. Why shouldn't we be frank? Then we know what the issue is and we can decide which we wish.

A I think that is a fair question. I agree entirely with you. I mean to say if you have an economic system that has as its end result the proposition that the profit motive is the sine qua non of its existence, then I don't see that it is possible for any man to solve our national problems or our economic problems.

Q So in this brief when you say "economic planning" you mean adjusting the Canadian economy definitely in the totalitarian direction?

A I would say so, yes.

BY MR. FRAWLEY: Following up what Mr. Commissioner McLaurin is putting to you, you will agree that if Nova Scotia's steel and coal industry were left to the ruthless operation of economic law without any Government interference that they just would not survive?

A Possibly they would not survive, or we would not.

Q Take first the coal industry of Nova Scotia, it would not survive?

A I think you are right, absolutely.

Q It couldn't survive on the market which you can capture, which you can supply, without any Government aid?

A I think that is correct under the present set-up, yes.

Q So that you have got to have, as far as you can see it, Government assistance to enable you to survive even?

A I think so. I think that applies pretty well to your whole economic system.

BY THE CHAIRMAN: I think that depends pretty well on what you mean by surviving. Surviving as it is now or in a smaller field of operation?

BY MR. FRAWLEY: If the Nova Scotia coal industry was reduced to supplying that market without Government aid, that its operations would be so shrunken that it would not survive?

A That's right.

Q That the Cape Breton operation is geared to something more than the supplying of the Maritime market?

A Of course.

Q Therefore it would shrivel and die if it did not have that Government-assisted market up in Central Canada?

A Exactly.

Q You said something on page 14 (a) that was a little startling. Did you take from the remarks of Mr. Brown, who came before the Commission in Sydney, that that difficulty they have there in the matter of coal might lead to a shutting down of the steel operation?

A Exactly, but I must say not with reference to Mr. Brown. To be specific, we had reference to a statement made by Mr. Forsyth last month before the National War Labor Board, opposing an application for an increase of wages to the steel workers, and at that time he stated, and as a matter of fact if I am not correct--I am instructed as to the statement being made in Ottawa; we are correct about that--and also if I am not mistaken that that statement was also made by Mr. Forsyth here at the time he appeared before the Carroll Commission at the time he inquired into the steel industry in

Trenton, the shutting down of the bolt and nut department.

BY MR. FRAWLEY: Whatever Mr. Forsyth said before the National War Labor Board would be on the record?

A Yes.

Q And whatever he said before Mr. Justice Carroll's Commission would be on the record?

A Yes.

Q What do you say he said?

A I am instructed that appearing before the National War Labor Board in Ottawa last month he said that if it were not for the Government subsidy that had been granted to the Company that it would not only ^{be} impossible--it was impossible to make the wage increase because the only way they could keep operating under present conditions was on account of the subsidy granted by the Government, and if that subsidy had not been granted that it is possible they would not be in operation today, and if they had to go into a competitive market after the war without that Government subsidy that they would close up.

Q But I was only concerned with the point you were making, this so-called metallurgical problem, that Mr. Brown talked about.

A I beg your pardon.

Q Nobody has said that that even may lead to a cessation of the steel operations?

A No, except that they advanced that as a reason for the excessive costs of production.

BY THE CHAIRMAN: Or for the poor production? I don't know.

A No, the excessive cost of production, and I suppose on the other hand the poor production, that they have a metallurgical problem down there due to the poor steel and the high sulphur content in the coal used.

BY MR. FRAWLEY: Of course this is not the place to develop that, but Mr. Brown suggested that they bring in some low volatile coal. Now they have an iron problem too, with high silica

tent in the iron, but they are using 100 per cent Nova Scotia coal, which sad as it may seem is what is wrong with the coal portion, it is too high volatile, but for some reason--a good reason probably--they have not chosen to bring in low volatile. But it is surely not to be inferred from that small problem that there is any danger of closing down?

A No, I understand that is given as one reason for their excessive cost of production and one reason why they cannot, without a subsidy, compete in the national markets, or they will not be able to.

Q You people, I suppose, have never explored the relationship between steel and coal operations from the standpoint of how much they pay for their coal, etc.?

A No. Of course we would not be able to.

BY THE CHAIRMAN: You are aware that the Dominion Steel Company are able to compete favorably, economically and otherwise, in steel rails for Australia, New Zealand, South Africa, have been for years?

A I think that is correct.

Q That would indicate that at least they are producing steel of a fairly good quality?

A I would say so.

BY COMMISSIONER McLURIN: Fairly good quality economically, competitively?

A Yes.

BY THE CHAIRMAN: No company is going to buy steel rails that are made out of inferior iron and coal and therefore must be of an inferior quality?

A I would think not. I would think that would be a paramount consideration.

BY THE CHAIRMAN: That is my problem, how they get such good steel out of that stuff.

BY COMMISSIONER MORRISON: On page 17, your concluding chapter, you say, "What remains is the formulation and putting into effect of a scientific plan." Would you enlarge on that?

A The only way I can enlarge on that is, as I said before, in respect to our economy, that we have in mind that the economy of the country must be so planned, even if it is zoned, that the industry can ship its product in such a manner, if necessary by subsidies or by subventions, that their product will be able to compete successfully with the American product, the English product, whatever you have.

Q You say the putting into effect of "a scientific plan" and further on you say "without this plan".

A That is the scientific plan, sir.

Q Now has your organization given some thought and study to what "this plan" or "a scientific plan" should be?

A Not that I know of. That was more or less left to the Commissioners if possible to suggest, and then it could be amplified.

Q In other words your organization do not have "a scientific plan" or "this plan" to suggest to the Commission even as a basis to start away with?

A That is correct.

BY MR. FRAWLEY: What you really want, that should be read, "put into effect some scientific plan"?

A Exactly.

BY COMMISSIONER McLAURIN: Of a totalitarian nature.

BY MR. FRAWLEY: One thing about Mr. Power, he is certainly very frank. You say there has got to be a planned economy in this whole country insofar as steel and coal are concerned, that would interfere with the ordinary ruthless operation of economic laws?

A I say so, yes, not only in this particular aspect but in the whole economic structure of the country. If you take any economic set-up that in 1939 would permit 12,000,000 men to be unemployed, permanently unemployed, in the richest country in the world, the United States, and one child out of every four in England probably undernourished, I say you have got to have some sort of a plan; the thing can't keep

going. And again that the only time in the whole economic set-up as I know it when there was full employment was when there were two world-wide wars, I say there is something wrong with that.

BY COMMISSIONER MORRISON: In other words, you are advocating that there be production for use instead of for profit?

A Absolutely. If you subscribe to the proposition that profit is the end result of your production and adequate living wages and the welfare of the worker are not the primary objects of our production system, we will have these problems until the end of time.

BY COMMISSIONER McLAURIN: Then you would not agree with subsidies or subventions to this industry?

A Yes, you have got to have them, unfortunately.

Q When you say production for use you mean productive employment?

A That's right.

Q Are you having productive employment here when you are asking some other part of the country to keep your people employed? That is, are you going to have the kind of an industry where you ask some other part of Canada to come and assist the industry?

A If you start off at the present time and try to plaster the economic sore up, yes, you have got to do that, but I am not an economist.

Q I am not either.

BY THE CHAIRMAN: I thought we all were.

MR. POWER: Well, we pretend to be.

BY COMMISSIONER McLAURIN: I don't even pretend to be.

MR. POWER: In 25 years the Russian state--now I am not advocating Communism---

BY COMMISSIONER McLAURIN: Yes, you are. Communism is a totalitarian system. We might as well get what we are talking about definite.

MR. POWER: If you are talking about the totalitarian system

from a governmental standpoint, possibly yes, you are correct, in the same way as the Fascist system. It is a totalitarian system. But I am talking from an economic standpoint. I can only give you--I am not an economist--I can only tell you that in my lifetime, in 25, 30, 40 years, you see a planned economy as in Russia--I am not advocating that Russia come over here and plan our economy--but you see that in which an illiterate country, in which 90% of the people were illiterate, and today, in 25 or 30 years, 60% of them are literate.

BY COMMISSIONER McLAURIN: Better than that, I think.

BY MR. FRAWLEY: How do we know that?

A I think that is pretty well established.

BY COMMISSIONER McLAURIN: There are many authorities. William H. Chamberlain states that.

MR. POWER: I am not here to make a recruiting rally or anything of that kind but there must be something right with a system that in 25 years has been the salvation of our capitalist system, and I think everybody will agree that if it had not been for the Russians we would not be here today.

BY COMMISSIONER McLAURIN: That works both ways. If we hadn't sent them a few things they might not be here.

BY THE CHAIRMAN: A little combination of both.

BY MR. FRAWLEY: Anyway you say there must be some planning by some gigantic economic planning board?

A Absolutely.

Q Do you share the fear that St. James Street is going to merge the rest of your industries out of existence?

A No, I don't fear that, but I do say if they could they would.

Q Haven't they given some evidence of their ability to do it?

A Oh, all kinds of it.

Q Well then, aren't you just about saying that there is a real fear of them doing it?

A I don't think there is a great deal left. There is nothing to be merged. They have got about everything now.

Q But being serious about it, don't you think that your Government here--after all, you have a Government here in the Province of Nova Scotia and you have a Department of Industries--isn't it possible to establish some industries, get down to grass roots as we say in Alberta, and get something started?

A My only answer to that--I am not an economist or a political economist either, and I don't mean to be flippant about it--but I think it would be a great thing if every executive and every professional man and every man interested in the country would read, if you haven't, Professor Harold Laski's book, "Reflections on the Revolutions of Our Times."

BY COMMISSIONER McLAURIN: I have read it.

A He says that the government is always controlled by the money system; that a government doesn't control the money system, it is the money system that controls the government. That is what a lot of our political friends are complaining about. When they get into power they are going to see that the gentlemen in St. James Street do not control the government. Of course the whole thing that is wrong--we hear about the Atlantic Charter, the Four Freedoms, freedom from want, freedom from fear, those are the two great things --

BY MR. FRAWLEY: There is another one you should not miss.

A Freedom of speech? I am taking advantage of that now.

BY COMMISSIONER McLAURIN: Anywhere in the world where there is a totalitarian economy there is no freedom of speech.

A I don't subscribe to that.

Q Have you heard of any courts in Russia, Italy or Germany where they operate on a basis where the freedom of the individual is elevated or recognized? That is what we have got to decide. You can have a totalitarian system but you lose your freedom, or you can have our system with all its defects but you can live where you wish and you can starve if you wish or work hard if you wish.

A Well, I would say that today I think a great many working-men in this county, I don't think they have very much freedom. They have freedom to get up and go to work and go to bed.

Q Well, they have freedom to quit and go farming.

A Or starve to death.

Q There haven't been many people starving to death.

A If you were here in 1937 I would show you bread lines when they were paying men with their families \$4 a week.

BY MR. FRAWLEY: Oh, we had that out in Alberta.

BY COMMISSIONER McLAURIN: But they weren't starving and they were probably getting just as much to eat here in 1937 as they were in some totalitarian states in 1937 because those people were getting ready for war and they were going on short rations too. Even on an economic basis if you go back to 1937 you may find the same conditions prevailing.

BY MR. FRAWLEY: I don't want you to forget that other freedom.

A Freedom of religion.

Q Freedom of religion, freedom of worship, isn't that something to remember?

A Yes, that's true.

BY COMMISSIONER McLAURIN: Oh, let's get away from comparison of Canada and Russia and let's get down to brass tacks. I will start on the assumption as you say that we must have production for use and not for profit, and you have an industry here with poor coal, or with inferior coal, and you have an iron ore with bugs in it which increases the cost of production. You have your coal area removed a considerable distance from the production areas. Now even on a production for use basis how is this industry here going to survive without assistance from the rest of Canada?

A I don't think it can.

Q Well then, it is an industry that is dependent upon the rest of Canada for its continued existence?

A I would say so, yes.

Q So that you say this industry in Nova Scotia is going to be

dependent on a hand-out from the rest of Canada for its continued existence?

A I don't like "hand-out". Let's go back historically ---

Q No, I don't want to go back to Confederation. I have heard that story several times.

BY THE CHAIRMAN: As a matter of fact, isn't every one part of Canada dependent on the other part of Canada for its continuance?

A Of course. In any democratic set-up, whether it is economic or political or what you may have, our whole system is dependent one upon the other. It must be.

Q As each individual in the world is dependent upon some other individual, or as one part of the country depends on the other part.

BY COMMISSIONER McLAURIN: I don't endorse the economic principle that just by taking in one another's washing we can get wealthy.

BY THE CHAIRMAN: I don't say that, but history will prove it and if we live long enough the future will absolutely prove it, that each part of this country is dependent to a larger or lesser extent on another part of the country. We will take Ontario, for instance. Who helped to build the canals of Ontario, the waterworks and railways? Who helped to build them? We all did. Who helped the grain situation in the West? Who has been subsidizing it for perhaps 15 years? Canada. All the rest of us.

BY COMMISSIONER McLAURIN: Wrong. Don't misunderstand me. As a Westerner, to any extent that we got a subsidy or help I don't think it is the thing that is going to make us financially. As far as Central Canada is concerned, I think they should lose their tariffs. I think the best argument that Nova Scotia has got is to say, "You are getting a hand-out by way of a tariff. We are entitled to one too."

A I think the outstanding economists in the world today would agree with you, that economically that is wrong.

Q Isn't there some possibility somewhere that Nova Scotia economy can get on a foundation where it fends for itself?

A No, because you can't change geography. If we were trading on the seas as we used to then we would have an economy, but if you start to trade with Central Canada, I don't care what you produce ---

Q Why trade with Central Canada?

A We have a very successful manufacturing plant in Halifax, Moir's chocolates. We sell those in competition with any part of Canada because a carload of chocolates is worth \$25,000, a carload of coal is worth \$5,000. You can send chocolates out to British Columbia as cheaply as you can the coal. There is the answer to that. They bring their unfinished products from the Seven Seas and manufacture them in Halifax; it is an economic set-up.

BY THE CHAIRMAN: And quality. You have a better example than that. You have Stanfields, not only putting their products into every hamlet, town and city from Sydney to Vancouver but down to the United States, with a market in Minneapolis and St. Paul.

BY COMMISSIONER McLAURIN: Well, why isn't that possible in general? Why not say, "All right, we are going to win out in this competitive market," instead of, "No, we can only win out by assistance"?

A If your competitive market is in Central Canada that is your market. I don't see how you can compete because the steel industries of the United States are so much closer and it is purely a matter of dollars and cents.

Q Perhaps that is not your market?

A I think perhaps you are right. The reason they sell steel rails is because they ship them by water.

BY THE CHAIRMAN: And a little preference.

A Yes, but chiefly I think by the fact that we have a waterway, which is the cheapest method of transportation.

BY MR. FRAWLEY: Don't forget you have got the St. Lawrence River. The Prairie Provinces have no St. Lawrence River enabling them to enter the central market.

A Of course in the winter it is closed up. That is the trouble.

BY COMMISSIONER MORRISON: You at least have six months in the year.

BY THE CHAIRMAN: I can see where we are going to have some more political candidates in this province.

BY MR. FRAWLEY: What has your organization done to avail itself of whatever facilities the Provincial Government has to foster local industry and build up trade within the confines of the Province of Nova Scotia? Have you had any parleying with the Minister of Trade and Industry in Halifax to see what he can do to improve industrial conditions in this province?

A No, and I don't think there is much use in doing so.

Q Why?

A Well, what can he do? After all, as far as industry is concerned it is controlled by the Federal Government. Tariffs, subventions, subsidies are controlled.

BY MR. DUBINSKY: You have talked about industry in a general sense. Why haven't you tried to start with the Provincial Government's Department, find what they have?

A What have they got?

Q Have you ever gone to Halifax to discuss this matter with the Department of Industry?

A No, I don't think so. No, because I think that the history has been that really as far as the steel and coal company is concerned they can't get very far; it doesn't matter what they discuss.

BY MR. FRAWLEY: You mean Mr. Connolly's department is not trying to do anything with steel?

A Oh no, I am not saying that at all. I think he is doing a very good job. As a matter of fact he was responsible to a great extent for opening a shipyard down here which employed

2,000 or 3,000 men for the last three years, but as far as creating markets is concerned I don't think that is within the ambit of his vitality.

Q I think what Mr. Dubinsky means, you should be exhaustively examining the industries in the Maritimes thorough this department?

A As far as co-operation is concerned, I think the Union is certainly willing to co-operate with the management as far as they possibly can, but after all it is management's problem.

Q You say industrial workers should not be expected to be making immediate contacts with the Department of Trade and Industry, that the Steel Company should be doing that?

A I think so.

BY MR. DUBINSKY: You just can't put this question aside by saying there should be a planned economy for this country without making some effort of your own, and here you haven't taken the first step in trying to find out what is there. You haven't even contacted the Department of Industry in this province.

BY THE CHAIRMAN: Oh well, Mr. Power of course is only acting for them.

BY MR. DUBINSKY: I am speaking about his organization.

A Well, you come from a part of the province where you should certainly understand that what the Union is trying to say, and what all the Unions try to say, is you must have an expanding economy and when you are operating on a profit system you have a restricted economy; that is why you make a profit is because you have a demand and supply and you must have a pool before you can make a profit, you must have an unemployment pool.

Q I am sorry, I come from that part of the country which makes me get down to realities... I can't follow you in the realm of planned economy, but I do ask you what has your organization done to start finding out what can be done for the in-

dustry in this country, and you say your organization has never even contacted the Department of Industry.

BY THE CHAIRMAN: I think that perhaps Mr. Power doesn't know but his organization, the Union of Steelworkers of America, have very frequently contacted the Department of Industries at Halifax. The trouble is that Mr. Power is simply counsel or agent here for putting this brief before us.

BY MR. DUBINSKY: There is only one other question. You haven't anything more definite about this matter of by-products, Mr. Power?

A No. The reason we haven't, it is purely a chemical problem. After all, what can be produced from this coal we don't know.

Q You haven't anything to give us how the difficulties can be overcome, the difficulties that must be overcome before we can produce these by-products?

A We don't know that there are any difficulties. There may not be, and if there aren't any difficulties we say this is a splendid opportunity instead of producing coal. Practically every magazine you pick up today is full of advertisements by these progressive companies in the States telling you what they are going to do after the war, that their research has done this and that. You find now that they can make rubber, stretch it, roll it up, bend it; and they are producing plastics for this, that and the other thing. It seems to me that our companies here say, "Here is our economic system. It has got to remain this way," and we are going to go down the path.

BY COMMISSIONER MORRISON: The status quo.

A Maintain the status quo.

BY MR. FRAWLEY: There is one thing about those derivatives. You can't make gasoline out of coal with something you buy in Woolworth's.

BY THE CHAIRMAN: In regard to this question as to whether your organization had taken steps to get in touch with the Department of Industries, the Department of Industries are the

people who should start these things, and they have. They have done something in Cumberland County in connection with the salt mines there and they are manufacturing good salt today, brought about by Mr. Connolly and the very able assistant he has.

A As a matter of fact did you see the article in "The Star" last night? They have a film called "White Dust."

BY COMMISSIONER McLAURIN: I just have one other question.

On page 14 (a) of your brief there is a sentence, "The employees who might be affected by a suspension of operations think that it is possible other factors enter into the high cost of production, possibly inadequate management, the use of obsolete machinery and outmoded metallurgical methods." Now can you give us any assistance as to the inadequate management?

A No, to be quite candid I can't. All I can say about that is that it seems to be the considered opinion, rightly or wrongly, of the employees of the various companies and subsidiaries that the management is inadequate. Now why I can't tell you.

Q You say it is the considered opinion?

A Well, no.

Q I am using your word.

A Well, perhaps I should not have used that word. I would say it is the general opinion.

Q So that although a hint of that kind is put in the brief under your instructions you are not able to give this Commission any help at all which would give them a lead as to whether the inadequacy of management exists?

A That is correct.

Q So that is not very much help?

A I admit that.

Q The use of obsolete machinery. Have you any instructions as to that?

A Yes, I have. I am instructed that the machinery in Sydney is far from modern machinery.

Q Wouldn't it be advisable that we get something specific? You are representing an industry that are experts to some extent in that field. It is a charge against management, because if they have permitted the use of obsolete machinery instead of up-to-date, modern machinery that is inadequacy of management, but just the bald statement is of no value to three laymen.

A I could not speak with any personal knowledge of the situation in Sydney. I am so instructed.

Q Don't you think the people that instruct you should follow through and be baldly and coldly specific about the obsolescence to which they refer?

A I would think that would be fair.

Q And so unless we get something that is specific we may just completely disregard that portion?

A Except that I was going to add that if you would consider the Trenton Steel Works as a subsidiary of the Dominion Steel and Coal, which it is, it was conclusively proved, I think, that their machinery was obsolete from beginning to end, and I don't believe they had put in any new machinery for 20 or 25 years.

Q I don't even know enough about that. Twenty-five-year-old machinery may be entirely efficient.

BY THE CHAIRMAN: There was some evidence there that the machines became obsolete in 1927, inadequate to provide the qualities and the various things that the market would want.

BY COMMISSIONER McLAURIN: Then am I to understand that this language merely refers to the Trenton Machine Works?

A It refers to it all but you are asking me for a specific instance and that is the most specific I can give you.

Q I think you would not regard me as unfair when I say I would feel like completely disregarding that sentence unless we get something specific?

A I think that is absolutely fair.

Q AS a matter of fact your organization should give briefs three or four times the size of this, going into the details of this obsolescence. I can't imagine any people better equipped than the people who are using this machinery.

A I agree entirely.

Q The outmoded metallurgical methods we have heard something about elsewhere.

BY MR. FRAWLEY: Thanks very much, Mr. Power. That is all.

BY THE CHAIRMAN: Speaking for the Commission, we want to thank the people of this county and also the Steelworkers Union for their interest and co-operation in this whole thing. We have been getting that throughout the province. I should say in connection with this matter of inadequate management and obsolete machinery that there was a gentleman representing the Steelworkers came to me some time ago and asked us first, I think it was to ask the Dominion Government for an investigation of the whole condition down there, including this very thing. I told them that being the Royal Commission we couldn't very well bend our knee to the Dominion Government for anything of that kind. I absolutely agree with Mr. Justice McLaurin that so far as what is contained on page 14 in regard to inadequate management we can't take any cognizance of that because we have no evidence of it, but if they have any idea of producing evidence of that kind it may be that those two matters are so closely joined together that when we go to Sydney--I am only speaking for myself but I will discuss this with the other members of the Commission--we would give the Steelworkers Union an opportunity of amplifying that very thing when we go back to Sydney some time in June, if there is any amplification of it or any evidence about it.

ROYAL COMMISSION ON COAL

Amherst, N. S., Monday, February 12th, 1945.

VOLUME XV

WITNESSES:

N. T. Avarde.....	Pages	1119 - 1145
Dr. D. M. Cochrane.....	"	1145 - 1161
Dr. D. M. Cochrane.....	"	1174 - 1187
N. T. Avarde.....	"	1187 - 1202
T. L. McCall.....	"	1202 - 1211
E. B. Paul.....	"	1202 - 1219

- - - - -



LIST OF EXHIBITS

EXHIBIT NO. 59 - Letter from Dr. F. W. Gray in respect to break down of coal royalties....page	1114
No. 60 - Submission on behalf of the Town of Westville, N. S., 12/2/45.....	1115
No. 61 - Submission by Margaree Steamship Co. Ltd. re new mine at Inverness, 12/2/45	1117
No. 62 - Submission by Standard Coal Co. Ltd. Amherst, N. S., 12/2/45	1119
No. 63 - Submission by Joggins Coal Co. Ltd. Amherst, N. S., 12/2/45.....	1127
No. 64 - Memorandum on operations of Cumber- land Railway & Coal Co., Springhill, 12/2/45.....	1202
No. 65 - Shipping coal to St. Lawrence Ports by Cumberland Railway & Coal Co. 12/2/45.....	1212

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ROYAL COMMISSION ON COALMONDAY, FEBRUARY 12, 1945

The Commission convened in the Court House, Amherst, N. S., at 10.00 A.M. on Monday, February 12, 1945.

PRESENT: His Lordship Mr. Justice W. F. Carroll, Chairman
His Lordship Mr. Justice C. C. McLaurin, Commissioner
Angus J. Morrison, Esquire, Commissioner
J. J. Frawley, K.C., Commission Counsel
J. L. Dubinsky, Assistant Counsel
Robert D. Howland, Secretary.

M. J. KAUFMAN, Mayor of Amherst: Your Lordship, Mr. Justice Carroll, Your Lordship Mr. Justice McLaurin, Members of the Royal Commission on Coal: As Mayor of the Town of Amherst it is with a good deal of honor and pleasure that I address this Royal Commission on Coal. On behalf of the citizens of the town I wish to express a happy stay while you are with us and I can assure you that officially the Town of Amherst, through the Mayor and Town Council, will throw the town open to you gentlemen that you may be able to visit, if you have the time, any plant we have in our community.

In the absence of the Warden of the County of Cumberland, through inability to be here on account of the condition of the roads, I have been asked on his behalf to extend to you an official welcome on behalf of the County of Cumberland.

Your sojourn here with us is very important and there is nothing that I may be able to say here this morning that can add anything of more benefit than to close my remarks with again wishing you welcome to our town and hope that the conclusions of this Commission will be of outstanding benefit not only to our coal industry in Cumberland County but to the coal industry across the Dominion of Canada.

PERCY C. BLACK, M.P.: I wish to join with Mayor Kaufman in extending a welcome to you in coming to Amherst and Cumberland. We are very pleased indeed that you are able to come, pleased that you are here and able to view our great resources, the greatest natural resources in Cumberland from the standpoint of these local mines and in terms of their national importance. We recognize that you have very great responsibility in laying the basis of a national coal policy in Canada for the present and for many years in the future.

We have in the County of Cumberland two great coal fields now in operation and we have other fields that have not yet been opened up. It is our greatest natural resource. We are very pleased indeed to see the representatives of Labor here, able to place their views before your Commission, and are also pleased to welcome those who carry very great responsibilities in managing the industry. I am sure they will endeavor as far as possible to reconcile their views so that they can place before your Commission a common end and common purpose.

I again join with Mayor Kaufman and all citizens of Cumberland in welcoming you here and hoping that your duties and your travel across Canada will bring very great benefits to Canada and the Canadian people, as well as reflect on the people of the County of Cumberland.

BY THE CHAIRMAN: On behalf of the Commission I want to thank Mayor Kaufman and Mr. Percy Black, M.P. for this County, for their kind words of welcome. We have been having a very pleasant time in Nova Scotia; even my two friends from the West say that Nova Scotia after all is not what it was painted to them years ago. Of course one of the Commissioners-- he doesn't come from Nova Scotia formerly, he comes from the Island of Cape Breton, of which Nova Scotia is a part. We have been having a very pleasant time and trying to do the best we can to get the facts concerning the coal industry in this province, and we will try to do the best we can to ascertain

all those facts and be in a position to perhaps make some recommendations that will be beneficial not only to the coal industry but to the citizens generally who use coal.

BY MR. FRAWLEY: At the Sydney sittings, on page 36 of Volume I, Commissioner Morrison asked the witness Dr. Gray for some information in respect to the breakdown of royalties. I have now received a letter from Dr. Gray which gives that explanation. I will read it and file it as an exhibit.

Exhibit 59 - Letter from Dr. F. W. Gray, in respect to breakdown of coal royalties.

DOMINION STEEL & COAL CORPORATION LIMITED

SYDNEY

NOVA SCOTIA

February 1st, 1945.

J. J. Frawley, Esq., K.C.,
Chief Counsel,
Royal Commission on Coal,
Lord Nelson Hotel,
Halifax, N. S.

Dear Sir:

During my presentation of our Main Brief (see pages 36 and 37 of the Transcript) Mr. Commissioner Morrison asked for a breakdown of the coal royalties, the amount of the royalty per ton and "affecting different areas" which I stated we would give.

The royalty we pay to the Nova Scotia Government is 12½ cents per ton of coal removed from the mine for sale, and we believe this is the same per-ton amount as is paid by all operators, irrespective of lease location.

We suggest that the Commission could obtain this information in fuller and more convenient form by asking the Nova Scotia Department of Mines for it. We shall, of course, be glad to give you the annual amounts paid by each of the coal companies of the Corporation, but this would constitute only part of the information on coal royalties in the Province, and would duplicate information which we suppose the Department of Mines will be asked for? We will do as you wish, but venture to make this suggestion in the circumstances.

Yours truly,

(Sgd.) F. W. GRAY,
Assistant General Manager

c.c. Messrs. C. Spiers,
T. L. McCall,
H. C. M. Gordon,
R. C. Macdonald,
L. D. Forsythe.

BY MR. FRAWLEY: I have received from the Town of Westville a submission which the Mayor of Westville was not able to present personally. With your permission I will simply file that brief without reading it, and it will then be part of the record.

BY THE CHAIRMAN: The Mayor of Westville expected that we perhaps would have a hearing Friday, and he was in Halifax on business regarding the town. He wrote me about it.

Mr. Frawley files:

Exhibit 60 - Submission on behalf of the Town
of Westville, Nova Scotia

Westville, N.S.,
January 16, 1945.

Judge W. F. Carroll, Chairman,
and Other Commissioners of the
Coal Inquiry Commission,
Meeting at New Glasgow, N. S.

Sirs:

This brief is presented on behalf of the Town of Westville to you as Commissioners, investigating the Coal resources, possibilities, future needs and requirements as an industry in Canada.

We beg to present concisely our situation and requirements as a town, in relation to the future successful operation of the Coal Industry, particularly in Nova Scotia, and in general throughout the Dominion of Canada.

FIRST. The Town of Westville is a one industry town. Our existence as a community depends on the successful operation of the Coal Mines, and the steady employment at standard living wages is essential to the financial stability of our town. The taxes alone paid on Property Assessment by the Intercolonial Coal Company represents nearly twenty percent of our total tax revenue.

SECOND. There are large areas of undeveloped coal in the Town of Westville, both in the area of the Intercolonial Coal Company, Limited, and that of the Acadia Coal Company, Limited. Development of these areas will require an expenditure of a

large amount of money and we urge both the Provincial and Federal Government to co-operate, with the assistance of an independent mining engineer, to determine the most practicable method and plan to be followed in the recovery and working of said areas, looking to the future of these areas within the town. Successful production of coal from these areas, together with the areas at present producing, will mean employment for generations to come and coal mined of a quality equal to the best mined in Canada.

THIRD. In this age of scientific research we recognize that new and important uses will be made of coal and its by-products. We recommend to the careful consideration of your Commission that the Town of Westville has unusual opportunities for the successful operation and development of these proposed plants, within the area of the town where the coal is produced. Right on the spot is a class of labor unexcelled in Canada, cheap power costs, excellent transportation facilities, and a fine record of management and labor cooperation, so vital to any successful operation.

FOURTH. From the National standpoint our citizens are united in their belief that a National Fuel Policy for Canada, that provides a market in Canada for the entire production of every ton of marketable coal in Canada, must be secured and retained. This can be done, first, by all the Railways of Canada including the Canadian Pacific as well as the Canadian National Railway, using their maximum requirements of Canadian coal. The Federal and Provincial Governments and large industrial users should lead the way in this important Canadian undertaking. In the final analysis it should be the duty of a Canadian Fuel Commission, under direction of the Federal Government, to work out in detail, a zoning system, where required, and a general schedule that would provide the necessary continued market for Canadian coal. We are convinced that any subsidies or assistance granted would be an excellent investment in the natural

resources of Canada and result in the greater prosperity of all Canadians.

For the Town of Westville,

(Sgd.) JOHN A. MACGREGOR, MAYOR

(Sgd.) THOS. W. MURRAY, TOWN CLERK

For the Co-operative Labor Protective
Association, Westville Branch,

(Sgd.) DAVID J. PATTERSON, PRESIDENT

(Sgd.) ANGUS MACNEIL, SECRETARY

BY MR. FRAWLEY: I also have a submission from the Margaree Steamship Company Limited in respect to a new mine at Inverness. It is from Mr. W. N. MacDonald. It was handed to me by his solicitor in New Glasgow last week. I told him I would bring it to the attention of the Commission and have it filed as an exhibit.

Exhibit 61 - Submission by Margaree Steamship
Company Limited re: New Mine at
Inverness, N. S.

Mr. Chairman and Commissioners:

The opening of our new mine in the Town of Inverness on the seven-foot seam was commenced in January 1943 and satisfactory progress has been made to date in spite of the great handicap of being without a supply of electric power. Temporary and portable equipment was used with power supplied by gasoline engines.

Our present area contains, approximately, 200,000 tons of mineable coal of excellent quality for domestic use for which there are ready markets at satisfactory prices during normal conditions.

Twenty men are now employed, producing from 1.6 tons to 2.5 tons per man shift, with present equipment, but development work is now well advanced and a dependable supply of electric power at reasonable rates will be available within thirty days.

Wage rates, including vacation with pay, also selling

price of coal, are under Departmental control and subsidy at the rate of 65 cents per ton has been fixed.

Should this mine operate to capacity under old methods, an output of 200 tons per day could be maintained with about 100 men. We have no desire to operate under old methods but have completed arrangements for the equipment of this mine with the latest type of electrical coal mining machinery designed for high production at low cost.

All machinery required has been ordered from the Goodman Manufacturing Company of Chicago on the recommendation of their Engineer and Foreign Manager, Mr. R. S. Bigelow, who visited Inverness and made a survey of the mine and conditions generally. Priorities necessary for the purchase of this equipment recently recommended by Ottawa have already been approved by the Coal Section of the United States War Production Board and are now in the hands of the manufacturer.

New equipment ordered consists of two complete units each capable of producing from our seam 150 tons per shift, or a total output of 200 tons per shift with 30 men, or production at the rate of 10 tons per man per shift. Each unit is made up of the following machines:

- 1 Goodman Shortwall Coal Cutting Machine

- 1 Chicago Electric Boring Machine

- 1 Goodman Shaker Conveyor complete with
troughing and accessories

- 1 Duckbill Loader complete with accessories.

The price of this equipment is \$20,588.50 United States funds, f.o.b. Chicago. The total cost of all equipment, including the above, is estimated at \$68,000.00.

It is confidently believed that if a competent mining engineer in the employ of the Royal Commission on Coal would examine our mine and investigate proposed methods, that he would confirm our estimates of production and costs. We also believe that this small operation would clearly prove that coal mining, not only on our area but in other sections of Inverness

County, can not only be successfully carried on but new records for the whole Province of Nova Scotia will be established. We fear, however, that without an independent report that the Commissioners would have good reason to view our estimates as extravagant, especially when coming from Inverness County which, in view of other submissions, must now appear as the darkest spot on the whole Nova Scotia coal mining horizon.

Considerable capital has been invested in this development and considerable additional capital must be borrowed for the purchase and installation of new machinery, etc., and we intend to apply forthwith to the Emergency Coal Production Board for their assistance in an effort to secure the following concessions:

- (1) That all earnings from this coal mining operation be made free from excess profit tax by way of accelerated depreciation or otherwise, until loans are repaid in full.
- (2) That present subsidy be continued, until loans are repaid in full, irrespective of earnings, provided payment of subsidies are continued to other operators in the same district.
- (3) That new equipment purchased in the United States be admitted free of Customs duty and other taxes, provided this can be arranged under present regulations.

The above is respectfully submitted in the hope that this Commission may see its way clear to make favourable recommendations in the proper quarters to assist this new venture into the field of mechanization in our Nova Scotia coal area.

MARGAREE STEAMSHIP COMPANY LIMITED

Per (Sgd) W. N. Macdonald,
Manager.

NORMAN T. AVARD. Examined by Mr. Frawley.

Q Your first submission is on behalf of Standard Coal Company Limited, Amherst, and that will be Exhibit 62.

Exhibit 62 - Submission by Standard Coal Company, Limited, Amherst, N. S.

MR. AVARD proceeds to read Submission:

MR. COMMISSIONERS:

The Standard Coal Company, Limited has been operating a coal mine at River Hebert East in Cumberland County since 1930. Prior to that date, similar operations had been carried on in this area for many years by the Stratheona Coal Company and other operators.

In 1939, operating difficulties made it necessary to temporarily discontinue operations. In August of that year, the party making this submission undertook the management of this mine at the request of the Minister of Mines for Nova Scotia and this arrangement is still in force. This was done primarily to provide employment for about 150 men who would otherwise have had difficulty in finding other employment at that time.

Output record is as follows:

1938	14,768	Net	Tons
1939	31,680	"	"
1940	58,100	"	"
1941	70,027	"	"
1942	80,975	"	"
1943	66,335	"	"
1944	71,095	"	"

This mine is now operating under sublease of an adjoining section of the Kimberley seam from the Victoria Coal Company. Access to this area is through extension of former operations in the Standard Coal lease.

This mine is now developed for some time ahead and the indications are that from this opening, production on approximately the same scale as at present can be carried on for ten or twelve years.

It should be emphasized, however, that it is very difficult to conduct an operation as hazardous and speculative as coal-mining under present taxing regulations. Permissible earnings are so restricted that it is impossible to build up reserves against the inevitable major difficulties which are encountered at varying periods. When these are met, there are only two courses to pursue, namely, quit or procure assistance from some outside source, usually the government. It must be

apparent that this is not a comfortable method of doing business.

BY MR. FRAWLEY: There is only one thing strikes me. You say that this mine was opened "primarily to provide employment for about 150 men who would otherwise have had difficulty in finding other employment at that time." Apart from that was it an economic proposition to open the mine at that time?

A Yes, I think it was. I would say that it was. At that time the coal industry was in a rather depressed condition and it was difficult to market all the coal that was being made available but this mine had been conducted by the employment of these 150 men or so and just at that time, prior to the outbreak of the war, the great endeavor was to find employment as far as possible for anybody who wished to work, and there were a great many in that capacity. A great deal of pressure was being brought to bear on Government authorities to have this operation continued and so finally an arrangement was made by which the Provincial Government provided some assistance financially and this arrangement was made to resume and continue the operation.

Q Has the Provincial Government been paid back their advance?

A Yes.

Q And they are collecting their full royalty of 12 $\frac{1}{2}$ cents?

A Yes.

Q So that now the operation is economic, even assuming it was not, which we are not to assume?

A Yes.

Q And do you think you will have any difficulty in finding a place for it in the post-war era?

A Now that is a poser, Mr. Frawley. I would say not. I would say that the product of that mine is quite readily marketable.

Q It will have no more difficulty than Joggins or Hillcrest, for instance?

A No.

BY THE CHAIRMAN: You said something about taxing. "Permissible earnings are so restricted that it is impossible to

build up reserves against the inevitable major difficulties which are encountered." That is regarding the taxing regulations?

A The income tax assessment. This company has only a nominal capital of \$10,000 which means that the minimum earning base is applicable, \$5,000, which is subject in the first instance to 40%, which means that the company can only earn during a year \$3,000 to be used as a surplus and a backlog for procuring additional equipment, if you like, or for meeting extraordinary expenses which very frequently occur in the operation of a coal mine.

Q If you care to say, what were the operating difficulties that were encountered here before you took over?

A Financial.

Q Whoever was operating this found that they couldn't --?

A They ran into mining difficulties which used up all the available finances.

Q I see that you are one of the companies that have been increasing their output since 1939?

A That was accomplished largely because of the national emergency which developed shortly after I took over the management of the mine.

Q Yes, but I notice in some mines throughout the province that their production has been steadily decreasing down the years since the war?

A Well, I wouldn't like to criticize that.

Q I am not criticizing it either. I am just wanting to bring that more to the attention of the Commission than anything else, at the moment.

BY COMMISSIONER MORRISON: You say this company is capitalized at \$10,000?

A Yes sir.

Q I take it it is fully paid up?

A So far as I know. I didn't go back into the previous history of the company.

Q Is it in the excess profit class now?

A No, but I am hoping that it will be.

BY MR. FRAWLEY: What is the production per man per day at Standard Mine?

A I am not sure I have that, but I can give it to you.

BY MR. WADE: I understand you to say that your standard profits have been set at \$5,000?

A Automatically, yes.

Q And you are making more than the standard profits?

A Not at the present time.

Q You are not taxable under the excess profits tax, are you?
It is under the income tax?

A Perhaps I should say that when I took over this operation there were outstanding a number of substantial debts which in my optimism I agreed to try to pay off at a later date on a pro rata basis. Included in that amount was a debt due to the employees amounting to several thousand dollars?

Q Wages?

A Wages, yes, and in order to do that as the income tax situation developed it would be necessary to have the standard profit basis increased, and that is what I have been trying to bring about, so far unsuccessfully. Unless that can be done it is not possible to pay off any of those old debts and I think that that is a very unfair condition to allow to continue. That of course is my personal opinion, but it is a very strong one.

Q At the moment you have not a ceiling on your earnings because you are only taxable on the income war tax at a rate of 40%?

A Excepting this, that through the generosity of the Coal Controller's Department it might have been a fact that a larger income would have been permitted to the company; that is, the Coal Controller's Department will make up the standard profits allowed.

Q By way of subsidy?

A By way of subsidy.

Q And even if you were taxable under the Excess Profits Tax Act you would agree that you have 20% of your excess profits tax refundable to you after the war? It would be of some assistance in building up this reserve that you mention?

A Yes.

BY MR. FRAWLEY: What per-ton subsidy are you receiving now from the Emergency Coal Production Board?

A At the present it has been set at 29 cents per ton by some mysterious method I have not been able to follow.

Q Is it your own view that that is sufficient?

A No.

Q You think it will not be sufficient?

A Well, as things have been going I am hopeful that the operations will be conducted in the immediate future and for some time on a more profitable basis. The indications point to that at the present time.

BY COMMISSIONER MORRISON: And in that event you will not require a subsidy of any kind?

A That might be, I hope that will be the case.

BY MR. FRAWLEY: This company is now managed and operated jointly with Joggins?

A Not jointly with Joggins; jointly to the effect that I am manager of both companies.

Q Well, does it enjoy the same advantages in the market as Joggins?

A Yes.

Q And is it fair to say that that is an advantage which probably has something to do with the progress which the company is making now?

A You mean so far as the marketability of the coal is concerned?

Q Exactly.

A Yes.

Q And would you venture an opinion, if this company were on its own and not associated with you and those other interests, would it, do you think, be doing as well?

A I would hope so. I don't think that the fact that I am connected with it necessarily means that it is the only means by which it could be operated successfully.

Q Perhaps not now during this war emergency. Did you operate it prior to the war?

A Only a few months.

Q And I understand you to say that those old debts are not yet paid off completely?

A Not paid off at all.

Q Still a liability?

A Yes.

BY HOWARD T. ATTRIE: Speaking about entering into an arrangement with the Provincial Government in 1939 to take over this mine, and that they put up a certain amount of money, in taking over the obligation of the debt that you speak of at this mine was it under the same arrangement as the money that you received from the Provincial Government, or in other words did you assume ^{the} same responsibility to pay back the money to the Provincial Government as you did the outstanding debts at the mine?

A No, that was a primary obligation. That is, the loan from the Provincial Government had priority over the other debt.

Q Well, had it not made a profit at all you would have assumed that amount of money to be paid back to the Provincial Government anyway, or do you mean that out of the profits it had priority to be paid first?

A That was my understanding, yes.

Q What amount of that money has been paid off the outstanding debt?

A Off the old debt, so-called?

Q Yes?

A Nothing.

Q Can you tell us what royalty is paid to the Victoria people by the Standard people in order to operate on their lease?

A 15 cents per gross ton.

Q Now do you also have to pay to the Standard Coal Company a certain amount of money for the operation of that mine, for their equipment and otherwise?

A There would be some cost against the operation there. I will have to admit that through my influence I have been able to procure a large amount of equipment to assist in the operation of the mine. In fact it could not have continued its operations otherwise, and practically without charge.

Q Well, that part of it would be fine, of course, but if there is something paid to the Victoria people and then something paid to the Standard people I don't know how these back debts are ever going to be paid off.

BY MR. FRAWLEY: This is the Standard.

BY MR. TATTRIE: Well, of course it is the Standard Company but he is the operator.

MR. AVARD: Well, how do you mean, paid to the Standard? I don't understand that.

BY MR. TATTRIE: The operator who was operating this mine when you took over is still there? He is drawing a certain amount of money from the operation still?

A Yes.

Q That makes a three-way expense to the operation there that is not born by the other companies down there. It places it in a position where I am beginning to feel that we will never get those debts paid off. Those men have \$5,000 coming to them. I would like to suggest that if a proper charge were made for the equipment provided you would have a very favorable picture to present in regard to payment of back debts?

A I don't like to admit this, I am not fair to those who are providing the equipment, nevertheless it is a fact that the amount of equipment which is being utilized there without any charge whatever to the company is considerably more than what belongs to the company. You can think that over.

Q It would be in a worse position if you were paying for that equipment?

A Yes.

BY MR. FRAWLEY: Now then, you can proceed with the next submission, on behalf of the Joggins Coal Company.

Exhibit 63 - Submission by Joggins Coal Company,
Limited, Amherst, N. S.

MR. AVARD proceeds to read Exhibit 63:

It is probable that coal has been mined in the Joggins district for over 200 years. The fact that the coal outcrops in the high cliffs at Joggins and also in the reefs which are bared at low tide in that vicinity, made it feasible for the early French settlers on the Chignecto Isthmus to mine coal here without heavy development expense.

We have not at hand the actual records of operations prior to 1882, but we do know that at least three mines were operated prior to that year, all shipments, excepting for local purposes, being made by water from the wharf at Joggins.

In 1882 the Joggins Railway was built, which gave rail connection with the Intercolonial Railway at Maccan, and this was a big boon to coal mining in the district, but water shipments were continued to a greater or less extent until about 1938. Now, practically all shipments are made by rail.

The writer's personal contact goes back to 1907, when the Canada Coal & Railroad Company was operating at Joggins in the Joggins seam and what was then known as No. 2 Mine. About 1908, a merger was effected with the Maritime Coal Company, then operating a mine at Chignecto, and a new mine, known as Joggins No. 7 was opened near the shore, with the intention of mining the area under the Bay of Fundy.

This mine was operated for about 18 years and produced about 2,000,000 tons of coal. It was found to be impractical to continue submarine operations to a greater distance because of a deterioration of quality as advance was made under the Bay.

In 1914, this mine was completely equipped with electrical machinery at a cost of about \$600,000, and steam was eliminated from the picture. This was the first mine in the Province

to be so equipped and thus led the way to more economical production. This move made it possible to continue coal mining operations in the Joggins-River Hebert area. Otherwise, it is quite certain that mining would of necessity have been discontinued in that district. In fact, if this type of mechanization had been available in 1907, the operation of the Joggins No. 2 Mine would have been profitably continued for an indefinite period.

In 1926, a new mine was opened some two miles from the shore, known as Maple Leaf No. 4. This produced at about the same rate as Joggins No. 7, until 1939. There were also two or three other smaller mines operated by the Maritime Company in conjunction with Maple Leaf No. 4.

The Maritime Company also operated in the Chignecto District from 1904 to about 1919 and produced a substantial tonnage. The first pit mouth power plant, an Edison idea, was established at Chignecto by the Maritime Company in 1906 and has proven to be a great boon to this County. A more modern plant using pulverized coal mined locally, is now being successfully operated at Maccan by the Canada Electric Company, which took over and enlarged the power generating business of the Maritime Coal Company. This plant is situated conveniently close to the Maritime Railway which serves the coal transportation requirements of the Joggins-River Hebert coal mining district. It is therefore practically the same as a pit-mouth operation.

In 1944, this plant used 37,061 tons of low grade coal - a grade for the most part which it is often difficult to market in other types of service. It is therefore an important factor in the maintenance of coal mining in this district.

In this connection, we desire to give hearty support to proposal set out in Appendix III, in particular on Page 110, of the brief submitted to your Commission by the Nova Scotia Department of Mines. We have always felt that as a provincial policy, it would have been better to have given more attention

to an increased use of coal for power generating purposes in Nova Scotia, rather than pushing the development of questionable hydro sources. In any case, coal for this purpose should receive more attention in the future, with more advantage both to the coal mining industry and to the power requirements of the province.

It is quite conceivable even to argue that it would pay to grant a subsidy of one dollar per ton for coal used locally for power generation in public utility service rather than to the extent of say, two dollars per ton to assist in transportation to Ontario markets. However, we do not think this subsidy for local use is necessary.

If, for instance, the power plant at Maccan were hooked up with the provincial system at Truro, which leads through to Pictou County and thence to Sheet Harbour, very definite advantages in reduced average kilowatt hour costs would be available and at the same time more dependable service would be available in all localities served. If this grid system were extended to include New Brunswick, still greater advantages would be derived.

Generation of power with coal has a very definite bearing on the future prosperity of the coal industry in Nova Scotia and New Brunswick.

The Joggins Coal Company was organized in 1939 to take over the eighteen square miles of coal leases of the Maritime Company, and a new mine known as Bayview No. 8 was opened on the so-called 40 Brian Seam and quite near to the Town of Joggins. Over \$160,000 has been invested in this mine and it has been operating successfully on a 28-inch seam. The output for this period has been

1939	-	31,424	Net	Tons
1940	-	100,446	"	"
1941	-	125,107	"	"
1942	-	132,127	"	"
1943	-	127,461	"	"
1944	-	119,787	"	"

The output would have been larger had the men been available for greater production.

Output per man-day is what counts in coal mining.

This record for this mine for the last calendar year might be interesting. It is as follows in net tons:

January	2.56	May	2.88	September	2.46
February	2.55	June	2.69	October	2.39
March	2.65	July	2.92	November	2.27
April	2.63	August	2.64	December	2.48

Average for year - 2.60

If an adequate and dependable daily supply of labor were available, this average would have been at least 3 tons.

ABSENTEEISM. The advantage of an adequate and dependable daily supply of labor in a coal-mining operation must be apparent from the following record at this mine for the months of December 1944 and January 1945:

DECEMBER, 1944

Men on Pay Roll - 175

Mine worked 25 days

JANUARY, 1945.

Men on Pay Roll - 173

Mine worked 26 days

	<u>Reported for Work</u>	<u>No. of Absentees</u>		<u>Reported for Work</u>	<u>No. of Absentees</u>
Dec. 1	153	22	Jan. 2	119	54
2	146	29	3	132	41
4	120	55	4	138	35
5	145	30	5	138	35
6	140	35	6	137	36
7	146	29	8	140	33
8	150	25	9	139	34
9	148	27	10	141	32
11	141	34	11	145	28
12	153	22	12	149	24
13	152	23	13	122	51
14	144	31	15	131	42
15	150	25	16	134	39
16	148	27	17	126	47
18	138	37	18	134	39
19	139	36	19	129	44
20	117	58	20	127	46
21	122	53	22	124	49
22	134	41	23	127	46
23	116	59	24	138	35
26	84	91	25	138	35
27	98	77	26	133	40
28	130	45	27	129	44
29	130	45	29	133	40
30	128	47	30	137	36
			31	137	36
	<hr/>	<hr/>		<hr/>	<hr/>
	3,372	1,003		3,477	1,021

Percentage absent - 29.8

Percentage absent - 29.4

The establishment of a coal cleaning plant at Maccan, or some central point, to make the coal from all the mines in this Joggins--River Hebert district more readily marketable

is very important. Probably this should be a Government operation. (See Submission of Nova Scotia Mines Department, Appendix III).

We believe you will find that the public is demanding a better quality product. This means more attention to sizing and more attention to cleaning. This in turn makes a coal washing or coal cleaning plant essential.

I would like to interject a remark here induced by a feeling that a good deal of emphasis perhaps has been placed on quality or lack of quality in Nova Scotia coal, and in connection with the desirability of providing cleaning and sizing facilities to market the coal properly and satisfactorily to the consumer, I received an unsolicited letter a day or two ago from a dealer in Prince Edward Island. It is dated January 29, to this effect: "Our customers find your coal of such high class quality that they wish to procure more as soon as possible. Please forward a box-car at the earliest possible date." I simply insert that to show that the coal is of saleable and attractive quality and with proper attention to preparation and marketing the coal business in this province can be conducted on a, shall we say, happy marketing basis. (Continues brief):

The establishment of a coking plant for Cumberland coals may be feasible and would be of great advantage, if the by-products could be utilized.

We believe that the price now being paid by the Canadian National Railways, and in fact that for some time past, for coal from the smaller operators, is altogether too low. We are now being compelled to supply screened coal at former run of mine prices and we feel that these are much lower than the difference in quality calls for.

We believe that, generally speaking, local markets, that is, the Maritime Province market, should be largely retained for the small operators, protected by a zoning system. The larger markets, such as the St. Lawrence Valley and west, can be supplied with much greater advantage in delivery by Dominion

Coal Company and affiliates than by the small operators. This should not be interpreted to mean that Springhill coal should not be available to adjacent markets.

BY MR. FRAWLEY: You say the Cumberland coal should go to the St. Lawrence market?

A In a general way, yes. When I say Cumberland I mean Cumberland Company, not Cumberland County.

Q You say here Springhill coal should go to the St. Lawrence market, eh?

A It is not for me to say much about the Springhill operation but Cumberland Railway and Coal Company is in the same position so far as marketing is concerned as the other mines in Cumberland, that is, they are not accessible to the St. Lawrence market by water shipments under present conditions.

Q There is no outlet at Pugwash?

A Well, there is an outlet if you can get there.

BY THE CHAIRMAN: Well, isn't there a better place for shipment of Springhill coal, if it were made available, than Pugwash?

A Well, I would sooner the Springhill authorities would discuss that. Parrsboro of course is their shipping port, but then that is a long way around to get to the St. Lawrence.

Q You say that you believe that generally speaking the local markets, that is the Maritime Province market, should be largely retained for the small operators, protected by a zoning system. Are the small operators today able to supply the necessities in coal in the Maritime Provinces?

A Not altogether, but in trying to view this situation from a larger than just a local vision I think that in a general way the Maritime Province markets should be made available.

Q As far as they can supply them?

A As far as reasonable, to the smaller operators.

BY COMMISSIONER McLAURIN: And generally the best way to accomplish that is to let natural economic laws operate?

A Yes, in a broad way that is so.

Q If we have zoning why then we have another trouble, a few more excess profits taxes possibly to pay the controller?

A Well, I would hope that the industry would be sufficiently profitable to bring that about.

Q That is one of the problems, more control, more expense, less operation of natural influence?

A Yes, but the operation of natural influences sometimes are more helpful to strictly local application than they are to the broader application, which as I understand is what your Commission is provided for primarily. I understand it is to approach this subject from the national standpoint and so I am trying in my humble way to build up from our local conditions looking towards that final result, and when you take the coal resources of Nova Scotia your question is, how are you going to distribute those resources after they are mined and made ready for delivery to the best advantage of the national economy.

BY MR. FRAWLEY: I would like to have your views frankly expressed on this proposition of whether or not the Corporation, the large Corporation, should be to a large extent shut out of the Maritime market and asked to seek their market in Central Canada because they have the water facilities and cargo facilities?

BY THE CHAIRMAN: That is just what he is saying.

BY MR. FRAWLEY: Then he makes an exception to it. How far would you go?

A I don't like this term "shut out".

Q Well, zoned. If the Commissioners recommend that the market should be left primarily to the independents could they do the job?

A I think they could do the job all right.

Q Could they supply the coal to the Maritimes?

A You mean the small operators?

BY COMMISSIONER McLAURIN: Plus Cumberland Coal? You make an exception of Springhill?

A Yes.

Q You say that the small operators, plus the Springhill operation, could supply the Maritime market?

BY THE CHAIRMAN: Plus Northern New Brunswick.

BY MR. FRAWLEY: We are leaving Minto out now. Do you think that the independent operators of Cape Breton Island, plus Pictou, plus Cumberland, do you think they can supply the Nova Scotia market?

A I don't think we should leave New Brunswick out of it.

Q All right, what do you think about that picture?

A I think in a general way that is probably so, so far as the purely domestic market is concerned. Now then, you get into the industrial market --

Q Bunkering, for instance?

A Well, bunkering, and supplying manufacturing plants and such-like, you have got to get some of that from the larger operators.

BY COMMISSIONER MORRISON: In other words, you will have to keep the large Corporation on tap for emergencies, so to speak?

A Well, some would like to put it on that basis.

BY COMMISSIONER McLAURIN: Would you like to have them in that position yourself?

BY MR. FRAWLEY: You would like to be able to shut off that tap?

A Oh no. I am trying to look at this thing as a Nova Scotia industry.

BY THE CHAIRMAN: And applicable to the whole national outlook?

BY COMMISSIONER McLAURIN: And if you had the big Corporation zoned out of Nova Scotia, then you would only think it reasonable that some authorities should zone them into Central Canada and compel Central Canada to provide the market for them lost in Nova Scotia?

A Well, I don't think I am suggesting that they be altogether closed out of Nova Scotia.

Q Well, if you zone enough of their coal out of Nova Scotia

so that it is more difficult to operate at a profit you surely have to say, we will zone him into another market?

A Well, let me put it this way. We have a certain production of coal in Nova Scotia. It has been suggested that the annual production should be 9,000,000 tons. Well, looking at it from the provincial standpoint, where is it logical to market that 9,000,000 tons? There is a very considerable excess over what can be used in the Maritime Provinces. Now then, you have some operators who have a natural situation and transportation facilities which enable them to put that coal into the export market which we have to have at a much lower price than can the smaller operators. Now what is the natural thing to do? In a broad way that is what I am trying to get across in this labored manner.

BY MR. FRAWLEY: Tell me this, does the fact that the Corporation only use the water route during the season of navigation and then use the rail route in winter, does that disrupt the Nova Scotia market from the standpoint of the independent operators?

BY THE CHAIRMAN: Do you mean interfere with the operations of the independents?

BY MR. FRAWLEY: Interfere in view of the fact that they can go into your market largely at one season of the year. If that is so, what are your views on that?

A Well, they are largely on the same basis when it comes to the strictly rail delivery season.

Q You would call that on the same basis?

A Everyone has the same subsidy, grant or rebate of freight rate, whatever you want to term it.

Q But you have no subvention so far as your Nova Scotia movements are concerned?

A Not within the Maritimes.

Q They use the St. Lawrence River in the summer time, then if they were shut out of that is there any danger that they would concentrate on the Maritime market?

A There is, yes.

Q How would you prevent that?

A That is where this happy result of the zoning system would come in, as a protection for the little fellow.

BY COMMISSIONER MORRISON: Of course your idea is that that should be undertaken by mutual agreement as between the operators? That would be the happy way?

A That would be a very happy way to have it done.

Q And it could be done, of course, if you got Dosco into this association of yours? I believe in organization, get them all in.

A I am very glad, sir.

(Page 1139 follows)

MR. AVARD continues brief.

The question of depletion allowance is an important point. It is now assumed that the lessee from the Government should have the advantage of this. This is not logical. The actual operator is the one who should receive the benefit of depletion allowance.

The re-allocation of coal seams, forming part of certain leases, is a sore point on many occasions, and we believe when these seams cannot be conveniently operated by the lessee, it should be mandatory for arrangement to be made for operation by adjoining lessees, when this can be done. This, of course, is a Provincial responsibility.

A number of engineering reports have been made on the Joggins-Chignecto coal field and estimates of recoverable coal have ranged from 158 to 165 million tons, but we feel that these estimates are somewhat exaggerated. We feel, too, that a conservative estimate cannot properly be made until the field has been diamond drilled and it appears that this should be undertaken by the Mines Department of the Provincial Government.

BY THE CHAIRMAN - To be of any value to us it should be undertaken at once.

A. Correct.

BY COMMISSIONER MORRISON - Have they been approached with this suggestion?

A. Dr. Cameron in his brief recommended very strongly that this should be done.

Q. But he recommended that it be done by Ottawa, if I remember correctly.

A. Well in any case, that it should be done. A certain amount was done by the Provincial Mines Department some 4 or 5 years ago, sufficient to arrive at a picture which allowed of the opening of Bayview No. 8 and the Hillcrest mine and gave us some indication of what lay ahead from the outcrop.

MR. AVARD continues brief

This diamond drilling program is exceedingly

important and in fact is vital to the continuance of coal mine operations in this district.

The Company does not receive any subsidy from the Federal Government.

Because of our connection with the management of the Maritime Railway, which serves this mining district, we feel we should state our belief that your inquiries will elicit the admission that good service is being given to all the mines. Primarily this service depends on the supply of cars made available to us by the Canadian National at Maclean Junction and I want to state that the regularity of this supply during the war period particularly, has been little short of remarkable. But once we get hold of the empties, we see that they are promptly placed for loading as required. The mines have very seldom been held up for lack of cars.

BY MR. FRAWLEY - Do you know whether Dr. Cochrane is going to make some submissions to this Commission?

A. He is here.

BY THE CHAIRMAN - Has not Mr. Avard another brief?

BY MR. AVARD - This that I have given this morning is to replace the Joggins and Standard.

BY MR. FRAWLEY - That leaves Dr. Cochrane's Company, Victoria and Hillcrest. He is here to present those.

BY THE CHAIRMAN - You are all finished with Exhibit No. 28?

BY MR. AVARD - Yes.

BY MR. FRAWLEY - But Dr. Cochrane has something further to read from that. Now Mr. Avard, I have some questions I want to ask you, but I want first to hear from Dr. Cochrane. About your submission that the prices you receive from the Canadian National are too low. Why is that? Are you able to deal with the Canadian National on an equal basis, or will you elaborate upon that to some extent. Are you able to hammer out a price on an equal basis, or are you in a buyer's market?

A. Decidedly in a buyer's market.

Q. The Canadian National wants the coal, I take it?

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N. T. Avarð

A. Sometimes.

Q. There is no oil burning in these parts here in locomotives?

A. No.

Q. So they have to have somebody's coal?

A. Yes.

Q. Why would it not be right to say you are in a seller's market? Why have you to say that you find yourselves in a buyer's market?

A. Well if you have something to sell and you go to a large purchaser, comparatively large compared with your supply, the purchaser undoubtedly has an advantage.

Q. Just because he is a large purchaser?

A. Yes. Now I have always found it rather a difficult problem to try to settle with coal price with the C.N.R. on a satisfactory basis. Their Purchasing Department utilizes, as you may imagine, pretty clever business tactics, and perhaps they cannot be blamed for taking advantage of their position, particularly when dealing with a smaller operator. But I am thoroughly convinced in my own mind that they have not been as generous as they might, or I think should have been under more recent conditions. It used to be that the Canadian National was losing so many millions of dollars every year and they wished to keep that amount down so far as possible, and that was a very legitimate desire on their part. But in later years when they have been having such huge surpluses there is not the same reason for continuing to, shall I say squeeze the little fellows, as I feel has been the case.

Q. The reason I want to spend some time on this is because we have had that pretty generally speaking, and the Canadian National is coming in to make some reply, and I want to get as much on the record as I can about it. You don't ordinarily look for generosity in this day and age when you are buying and selling.

A. Perhaps generosity is not the proper word to use there.

Q. Do you find that you are not getting enough for the coal, not getting its value?

A. I don't think we are.

Q. What medium have you for arguing out with the Canadian National your idea of the value of the coal as against their's?

A. There is only one basic medium for determining the value of coal and that is to study the analysis and try to determine it.

Q. I thought there was a performance test that was a particular guide to the Railway Company in buying coal?

A. I think that should be the case. Of course as far as performance tests are concerned, I have never had access to that. They tell us what they feel like telling us, which is quite right perhaps.

BY THE CHAIRMAN - Have you been getting the market value of coal from the Canadian National, the general market value of coal?

A. I don't think so.

EXM. BY MR. FRAWLEY (continued)

Q. Is there such a thing as the market value of coal? What would you mean in answer to the Chairman about that, the market value?

A. Well if you take a ton of Joggins coal we will say, and a tone of Springhill coal, adjacent, and both utilized by the Canadian National, and Springhill gets so much and Joggins so much for that ton. In my opinion the price paid for the Joggins ton is not sufficient and not as high comparatively as goes to the Springhill ton.

Q. Springhill gets more per ton than Joggins?

A. Yes.

BY COMMISSIONER MORRISON - And you are not suggesting that Springhill is getting too much?

A. No.

Q. Would you go so far as to say that Springhill is not getting enough? Which makes your picture that much worse.

A. I think Springhill is big enough..

Q. I am not suggesting that. I am merely asking you if you would suggest that Springhill is not getting enough for its coal from the Canadian National?

A. I would not like to go that far Mr. Morrison. I think that is beyond where I should go.

Q. I will go that far and state they are not getting enough.

Will you agree with me then?

A. Yes, I will go that far.

EXM. BY MR. FRAWLEY (continued)

Q. Is the Joggins Coal Company getting as much from the Canadian National as it is getting from the Canada Electric Company?

A. It is a different grade of coal. We sell slack coal to the Canada Electric Company and we sell screened coal to the Canadian National.

Q. You sell screened coal to other large users other than the Canadian National?

A. Other users.

Q. Dealers?

A. Yes.

Q. You get better prices from them?

A. Yes.

Q. For the same product exactly?

A. Yes.

Q. You say you are not made aware of the performance tests by the Railway Company?

A. No.

Q. But does the Railway Company not tell you that they really base entire price on that performance test?

A. Oh yes, they tell us some sad stories sometimes about their experiences.

Q. But they tell you this is the price we choose to give you based on the performance test of the Railway?

A. Yes.

Q. And those performance tests are not made available to you. The laboratories analysis itself might not tell the whole story, perhaps you will agree?

A. I very frequently use that argument.

Q. By the way, there is coal mined in Minto. Is your Joggins coal better than that coal?

A. Would it be in order if I did not answer that question?

Q. Yes. What I am really leading up to is, sometimes you might study the reports of the Fuel Laboratories in Ottawa and see how closely they put your coal with Minto, etc., particularly from the laboratory standpoint.

A. Yes.

Q. What proportion of the Joggins Coal Company's output is purchased by the Canadian National?

A. I have not got those figures. I can provide them for you, Sir. The proportion is considerably less at the present time than it has been in recent years.

Q. Because under the Coal Controller you are directed to put it here and there?

A. We are only supplying about 25% of what they would like us to supply at the present time, but we are not allowed to ship it to them.

Q. Let us assume it is a fact that you are not getting the full fair price from the Canadian National, that means I suppose your other purchasers have to make up what you don't get from the Canadian National?

A. If it is made up.

Q. It is made up if you are operating at a profit, it is at least a help to get over the barrier of profit and loss. Is there a difference in the performance of Standard and Joggins?

A. There has been.

Q. I mean at the present time, apart from those old debts that Standard has and with which you are in no way responsible.

BY THE CHAIRMAN - I suppose you say Mr. Avar, that you get a better price from smaller consumers than you do from the Canadian National. Is not that a pretty well known trade commercial basis on which things are sold, that your big sales are very often given at a lesser price than your smaller sales?

A. That is so sir, but the idea can be carried too far.

BY COMMISSIONER MORRISON - And in this case it is?

A. I believe so.

BY THE CHAIRMAN - It has been suggested I think by counsel that we had no such thing as a market value for coal. There must be some basis, I am not talking about the categories or value of coal, but there must be some basis. For instance if you go into a place where shirts, or clothing, are sold and are marked down, that is the value for the time being. But is there not some basis for the general market value of coal?

A. Yes, there always has been I believe a standard price established for the different mines and different grades of coal, and those have been I think, fairly well adhered to throughout the years. In the last 3 or 4 years the coal business has been pretty much on an artificial basis, but still the ceiling price has prevailed.

Q. And that is the market price?

A. Yes.

BY MR. FRAWLEY - Your price is not fixed by the War Times Prices and Trade Board?

A. The ceiling price is.

Q. The ceiling only?

A. Yes.

DR. D. M. COCHRANE - EXAMINED BY MR. FRAWLEY

Q. Now Dr. Cochrane, you are interested in a Company called Victoria Coal Company Limited?

A. Yes sir.

Q. And Exhibit No. 28 filed at Sydney on behalf of the Independent Coal Operators of Nova Scotia, contains what is called an historical sketch of the Victoria Coal Co. Ltd. I think you had better put that into the record and there may be some questions arising out of it.

DR. COCHRANE READS FROM EXHIBIT NO. 28, as follows:-

In 1922, H. B. McCulloch, Dr. J. G. McDonald, Alex Sutherland and James A. Cunningham, all of New Glasgow, Nova Scotia, purchased a lease from the Fundy Coal Company which was located in the Joggins area of Cumberland County. They formed a Company known as the National Coal Company and operated the property for two years.

In 1924 they were approached by the then Deputy Minister of Mines, the late Mr. T. J. Brown, asking them to consider taking over the Minudie Coal Company property located at River Hebert; the Minudie had gone into liquidation and the property and equipment were taken over by the Department of Mines. After lengthy negotiations, terms were agreed upon and the National Coal Company turned over all their assets to a Company known as Victoria Coal Company Limited. They abandoned the National mine and devoted their energies to the Minudie. This was operated, but without success, in fact, considerable money was lost with the result that they decided to reorganize, which they did in June 1928, and formed what is known as the Victoria Coal Company Limited. The Capital of this Company was made of Six Thousand (6,000) shares of non par value stock and a bond issue of \$150,000.00 at 6% with a Sinking Fund of 3% yearly. One Hundred and Seventeen Thousand (\$117,000.00) dollars worth of bonds were sold to the public and interest on them at the rate of 6% was paid until 1936 when we had a labor dispute with our workmen that tied the mine up for a six month period, and so impaired the finances of the Company that the bond interest was never paid thereafter.

In that same year, namely 1928, we purchased additional areas in the River Hebert district at a cost of \$50,000.00 and decided to open up a new mine which we did in 1929 and which was known as Victoria No. 4. This was operated in conjunction with the Minudie mine which was known as Victoria No. 2. The new venture proved successful but the old No. 2 was losing money continuously and eating up what profits the new No. 4 was making.

In 1933 the Company decided to abandon the No. 2 mine but the Department of Mines would not permit the same, with the result that the Company was compelled to keep it pumped out for many months, which ran into thousands of dollars and while they appealed to the Department of Mines on many occasions to permit them to close the same, and pointing out to them that if

they were compelled to keep this mine pumped it would mean the Company would be compelled to go into liquidation; however, no action was taken by the Department of Mines, but the Company became desperate and without authorization withdrew the pumps from No. 2 and ceased operations. No action was ever taken by the Department of Mines and nothing furthermore was said about it. The Company then kept operating the No. 4 mine until such time that the coal became so inferior it was impossible to dispose of the same and after discussing the matter thoroughly with the Department of Mines, we were given authorization to abandon the mine and we ceased operations on April 29th, 1941.

During the period of operations we produced and sold the following tonnages:

1924	9,367
1925	32,522
1926	30,480
1927	27,836
1928	49,411
1929	74,085
1930	82,782
1931	94,826
1932	66,356
1933	81,339
1934	75,120
1935	64,160
1936	16,589
1937	57,590
1938	43,148
1939	62,393
1940	63,536
1941	25,800

All of these sales are net tons and were made to points in the Maritime Provinces; only a few tons found their way into the Province of Quebec. Of course, this is due to the fact that all of our shipments are made by rail and we cannot possibly compete with the Dominion Coal Company in the latter province because their coal is transported by water much cheaper.

Just at the time that our No. 4 mine ceased operations, a new company was formed in the River Hebert district known as the Hillcrest Mining Company Limited. They did not have any machinery to speak of and did not have any selling organization, with the result that we negotiated with them and came to a satisfactory arrangement whereby we would lease them our machinery and we in turn would dispose of their entire output

and this we have been doing since the above mentioned date, so at the present time we are not mining coal, but simply brokers.

Since we have taken over the sales of the Hillcrest Mining Company Limited, we have disposed of the following tonnages

1941	44,925
1942	115,905
1943	89,002
1944 'till Nov. 30	83,722

(It is over 90,000 for the year)

A serious handicap for all companies operating in the River Hobart district is the quality of the coal; the seams are thin, making mining difficult and expensive, and faults are fairly numerous. While the big coal is marketable, the disposing of the slack is always a problem as it is not of the best grade, running very high in ash, and a further serious handicap for companies operating in this district is that the Railway (Maritime Coal Railway & Power Co. Ltd.) which transports the coal from the mine to the Canadian National Railways at Maccan is privately owned and coal costs 40¢ per ton to transport. When competing with other operators, this excess freight of 40¢ is very serious.

During the years 1942 and 1943 we liquidated our Bond Issue, which amounted to \$117,000.00 less Sinking Fund of \$38,000.00, or a net of \$79,000.00, with the result that we only have today 6000 shares of Common Stock outstanding. A dividend of 50¢ per share has been paid on the same in December 1942, 1943 and 1944.

BY MR. FRAWLEY - You operate another coal company there, and would you prefer to read into the record what you have to say about Hillcrest, and then we will question you about the two companies, or are the operations absolutely separate?

A. Absolutely separate. The larger shareholders of the Victoria Coal Company have no financial connections whatever with the Hillcrest Mining Company.

BY COMMISSIONER MORRISON - How about the Directors?

A. The Directors of the Hillcrest that are Directors in Victoria are only small shareholders in the Victoria, and there

is no direct connection in that respect between the two companies. Ninety percent of the Victoria Company is owned and controlled in New Glasgow, and the Hillcrest is 100% owned and controlled in Cumberland County, the Joggins area.

Q. I am getting at the people who control its affairs. Sometimes the shareholders have not very much to say. I am thinking more of the Directors. But perhaps Mr. Fraley can go on and we will come back to this later.

BY THE CHAIRMAN - There are some things Doctor that you may hear and some matters that you may get from your own opinions. Now so long as those are based on proper material, you are just giving them as you get them, but as to facts you are being sworn.

Dr. Cochrane was then sworn - EXAMINED BY MR. FRAWLEY

Q. Dr. Cochrane, you say that your big coal is marketable but the disposal of the slack is not a simple matter?

A. No.

Q. Now the Joggins Coal Company produces about the same kind of coal that you do, do they not?

A. Approximately.

Q. And there is a market for the slack of the Joggins Company?

A. Most of the time. A large proportion of it is within themselves.

Q. Within their organization?

A. Yes.

Q. But keeping the Companies separate for a moment, the Joggins Coal Company does sell coal as fuel for the power plants of the Canada Electric?

A. Yes.

Q. Or is it the Maritime Railway Company? Which is it?

A. The Joggins Coal Company sells, as I understand it, to the Canada Electric.

Q. And the power plant at Maccan is operated by the Canada Electric?

A. Yes.

Q. So the Joggins Coal Company sell to the Canada Electric?

A. Yes.

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-1150-

Dr. D. M. Cochrane

Q. Have you any market at the Canada Electric for your slack?

A. Practically speaking, none. Are you referring to the Victoria coal?

Q. Yes. That is why I asked you if you wanted to put in the submission of the Hillcrest, and then we could discuss them more generally. I am speaking of Victoria. You say you have no market at the Canada Electric for your slack?

A. That is right.

Q. Have you negotiations with the Canada Electric about that?

A. No.

BY COMMISSIONER McLAURIN - How does Victoria Coal Company as a broker get an interest in slack unless they are selling slack?

A. Victoria Coal Company is only a broker for Hillcrest Mining Co

BY MR. FRAWLEY - Please proceed then and put in the Hillcrest Mining Company's brief.

DR. COCHRANE then reads Hillcrest Company's submission from Ex. 28

Brief on behalf of the Hillcrest Mining Company, Limited, an independent coal mining company, with Head Office at River Hebert, Cumberland County, Nova Scotia.

For submission to the Carroll Coal Commission.

The Victoria Coal Company Limited which had been operating for seventeen years in the River Hebert-Joggins coal area in Cumberland County, Nova Scotia, decided in 1941 to cease mining coal. The communities of River Hebert and Joggins became concerned over the cessation of work and a number of local citizens formed the Hillcrest Mining Company Limited and entered into an agreement with the Victoria Coal Company Limited to lease its equipment and machinery. The leased equipment and machinery was moved a distance of three miles where a new mine was opened, additional new equipment was purchased and the mine commenced operations in 1941. The citizens who formed the Hillcrest Mining Company Limited spent approximately \$75,000 in the purchase of new equipment and in the opening of the mine.

The mine has operated steadily and produced the following:-

1941	--	44,925 tons
1942	--	115,905 tons
1943	--	89,002 tons
1944	--	92,000 tons

The quality of the coal in the River Hebert-Joggins area is not the equal of that in other areas of Nova Scotia and the seams are narrower. The seams of the Hillcrest Company average thirty inches. These two facts present difficulties to the Company and to the miners but despite the handicap to the miners the average ton per man day raised is over two tons. This is equivalent to any mine in Nova Scotia and better than most. One of the reasons for the high production is that about seventy-five per cent of the miners own their own homes and are interested in the mines as part of their own welfare. It can be said that River Hebert-Joggins district differs from other coal areas in this respect and there is practically no floating population of miners in normal times. The district depends almost entirely on coal mining for its livelihood. At one time the lumbering industry was active near River Hebert but this has gradually ceased since the destruction by fires of over 100,000 acres of timber lands. Joggins has always depended on the coal mining industry. Thus it is evident that the population of the district is entirely dependant upon the operation of the mines. The total population is approximately four thousand and consists of about seven hundred and fifty families. More than five hundred men are actually engaged in mine operations, and the remaining heads of families derive their income for the most part by rendering services direct and indirect to the mines and miners.

Due to the sub-normal quality of the coal in the seams of the District the price is lower than the average for Nova Scotia and there is the additional handicap of transporting the coal to markets.

The mines are situate twelve miles distant from the main line of the Canadian National Railways at Maccan and are served by a branch line owned and operated by the Maritime Coal Railway and Power Company Limited. This railway company has

not affiliation with the Canadian National Railways and the freight rates per mile over this branch line are higher than over the national system. For instance the freight rate from Joggins to Maccan, a distance of twelve miles, is forty cents per ton while the rate from Maccan to Saint John, New Brunswick, a distance of one hundred and forty miles is One Dollar per ton. By comparison this is a branch line rate of three and one-third cents per mile as against the main line rate of less than a cent per mile. In this example the rate to St. John, New Brunswick, has been chosen as the largest customers of the Company are located there. The Canadian National Railways is the largest customer of the company and pay a fixed price for coal landed on their line. If the branch line was owned by the National system the cost of landing coal to the customer would be reduced. In addition to the rate of forty cents per ton the Dominion Government pays the branch line a subsidy on coal hauled.

The foregoing presents the importance of the continuance of mining operations to the people of the River Hobart-Joggins district and sets forth some of the difficulties of operation. In short the Hillcrest Mining Company Limited pays standard wages to its employees while producing below average quality coal from narrow seams and is forced to compete for sales in the open market with the additional disadvantage of higher transportation costs.

BY COMMISSIONER MORRISON - You are not suggesting there is anything wrong with that, are you Doctor?

A. Not just now.

DR. COCHRANE continues brief

In 1941 the Company paid datal company hands at the rate of \$3.40 per day and miners at \$4.25 per day. Today the rates are \$5.77 and \$6.78 respectively with miners on contract earning from \$9.00 to \$12.00 per day. The Company employs approximately one hundred and eighty men per day. Enlistments in the services from the District have been over Four Hundred and would have been higher if Selective Service Regulations

had so permitted. A fair proportion of the Four Hundred service men were from the Hillerost Company. The people of the district, not including the coal companies, have invested over \$500,000 in the various Victory Loans.

In addition to the above the attention of the Commission is directed to the following matters:-

1. The Company approves of the work of the Local Coal Controller and requests the continuance of this office in post war years so that local markets may be maintained for the independent operators.

2. It is felt there should be a re-allocation of coal areas in the province in order to prolong the life of the coal mining industry and for more efficient production.

3. The Company is of the opinion a coal washing plant should be built in the District with Government assistance for the benefit of all operators of the district.

4. The Company is of the further opinion that a coking plant and a chemical plant should be established in the County of Cumberland to assist in the production of coal and manufacture of coal tar products.

EXAMINATION OF DR. COCHRANE BY MR. FRAWLEY

Q. Now in connection with the beneficiation plant, coal washing, you suggest that it should be built with government assistance. Would it be sufficient if the government advanced the money on some firm commitment of getting it repaid?

A. If they could get the right parties interested.

Q. You don't expect it to be a government owned plant entirely?

A. I think the industry should be on a firm basis so that it could repay in time the money advanced.

Q. The assistance you refer to is just a matter of financing you for the initial operation?

A. Yes.

Q. Have you ever done anything about that up to now?

A. There has been nothing concrete. There has been considerable discussion regarding this matter in the last year or so, and there are prospects of some headway being made.

Q. With the Provincial Government?

A. Yes, but of course things are gradually being taken over by the Federal Government.

Q. What do you mean?

A. Taxation powers and coming across with assistance to these mines.

Q. The Government you refer to is the government of the Province of Nova Scotia?

A. Yes.

Q. And you think this area needs some beneficiation for this coal?

A. That is one of the things it does need to improve the standard of our coal.

Q. To improve the quality?

A. Yes.

Q. And reduce sulphur and ash.

A. Ash anyway, materially.

Q. To size it properly?

A. Yes.

Q. Treat it? Wash it?

A. Yes.

Q. Perhaps oil treat it?

A. It might be feasible.

Q. None of those things have been tried in this area up to now?

A. I don't know, perhaps away back.

Q. Not since you have been in the industry?

A. No.

Q. You simply market run-of-mine, screened and slack?

A. Yes, with some special attention given to a grade of coal in between screened and run of mine.

Q. There is no doubt Mr. Avarad is right when he says slack coal should be put to use as a power fuel?

A. To a large extent that is the salvation of the district, unless coking plants come in later on.

Q. Don't you think you have to try and complete some negotiations with Mr. Avarad's Company to let you get in on that market, and with some of the schemes for extension of the Canada Electric?

A. I think with extensions of demand for power and a larger market there for that type of coal, this Company should be in on it.

Q. Do you think Mr. Avar'd's Company would be willing to share that and buy equally from that field?

A. If I were in his place I don't think I would be inclined that way. It is only natural to look after the companies within your own corporation first.

Q. So you think then there are plenty of reserves in the Joggins Mining Company, which is controlled by the same people as control the Canada Electric, you think there are enough reserves there, and enough capacity and financial ability to produce, so you don't think you will have a chance to share in this increased power development?

A. If they increase and use a great deal more, I think we would.

Q. Why would they not get it from their own mine?

A. They would have to increase the output.

Q. Why should they not? Why should they go beyond their own reserves to buy from you?

A. With the present out look in the district I am not able to picture them extending their mining operations very much beyond what they are at the present time.

Q. It is fair then for the Commissioners to take the picture that if the Canada Electric increased its utility facilities, that there would be a possibility for the other mines in that area to share in the market for slack coal?

A. I think that is a fair assumption.

Q. The line from Maccan goes where?

A. To Joggins.

Q. On the way from Maccan what mines does it pass?

A. Standard Coal Company.

Q. At what mileage, how far from Maccan?

A. Approximately 7 miles.

Q. Next?

A. Hillcrest.

Q. What is the mileage out?

A. Between ten and eleven miles.

Q. The next one is?

A. The Joggins Coal Company.

Q. And that is how far out?

A. Between 11 and 12 miles.

Q. And that is at the end of the line?

A. The line goes to the station just beyond.

Q. And the whole line is 12 miles?

A. Yes.

Q. And you say if you are shipping a car of coal to St. John, New Brunswick, you have to pay two rates?

A. Yes.

Q. One to Maccan. You pay that to the Maritime Railway Company?

A. Yes.

Q. And from Maccan to St. John?

A. Yes.

Q. And you pay the Canadian National that?

A. Yes.

Q. Similarly Mr. Avard's Company, the Joggins Company, have to pay the same rates?

A. Yes.

Q. But the same people own the Maritime Railway and the Joggins mines?

A. Yes.

Q. If the Canadian National owned down to the Joggins Station as part of their line, and you shipped coal from Hillcrest to St. John, would you pay the same rate as if you shipped coal from Maccan to St. John?

A. I know enough that there would be very few cents added.

Q. For the extra seven miles it would be very little?

A. It would not be over 5¢ as against 40¢.

Q. You think it would be 5¢ as against 40¢?

A. Yes.

Q. Have there been any representations made by your district to the Canadian National to acquire the Maritime Railway?

A. Not since the war.

Q. When would you say there were the last negotiations with the Canadian National?

A. I could not say definitely, but I would say approximately 15 years ago.

Q. Does it impede your operation, the fact that you have to pay the extra rate?

A. It does not impede the operation itself, but is a serious handicap in selling coal on the open market.

Q. Your Profit and Loss statement has to absorb the difference?

A. Yes.

BY COMMISSIONER MORRISON - You are talking about Hillcrest now?

A. Yes.

BY MR. FRAWLEY - The Hillcrest production is sold through Victoria?

A. Yes.

Q. The same people own it, do they?

A. No. The primary interests in Victoria Coal Company have no interests in the Hillcrest, no financial interests.

Q. Why this business of going through Victoria coal?

A. Victoria Coal had come to the limit of marketable coal in No. 4 mine, and they had made that financial loss along the wayside and had come to the point where they were going to discontinue coal mining operations in the River Hobart-Joggins area. A number of citizens feeling the necessity of coal mining being carried on there for the employment of their citizens as well as for the war effort decided to organize this company.

Q. Decided to organize the Hillcrest Mining Co.?

A. Yes, and negotiated with Victoria Coal Company to get their machinery, and the ones that were organizing Hillcrest had no selling organization. Most of them had been mixed up at various times with coal mining companies, but had no selling organization built up, and Victoria Coal Company were willing to take on the job of selling the coal. It made a good arrangement for both companies, profitable for Victoria and Hillcrest didn't have the

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-1158-

Dr. D. M. Cochran

selling and collecting and to worry over, just had one customer.

BY COMMISSIONER MORRISON - The Victoria Coal Company transferred all its physical assets to the Hillerost Company in consideration of an exclusive selling contract?

A. Practically so.

Q. That was the sole consideration?

A. Yes.

BY MR. FRAWLEY - The Victoria Coal Company then is being paid for the use of its physical assets through reimbursement of this brokerage fee on the selling of the coal?

A. It didn't transfer the ownership of it.

Q. Until just recently?

A. There have been some purchases made recently.

BY COMMISSIONER MORRISON - How was it done?

A. We were given a price on the different pieces of equipment, and the price of coal was set with more or less a price in that for the use of the machinery.

BY MR. FRAWLEY - Is it a rental arrangement with option to purchase?

A. Yes, and if we get in a position we would purchase. A lot of it has been replaced anyhow.

Q. Hillerost is using Victoria Coal Company's property and paying for it by paying them a brokerage fee on the sale of the coal?

BY COMMISSIONER McLAURIN - What is the fee?

A. No set fee.

Q. What is it?

A. We have been selling to Victoria Coal at a price per ton for all grades of coal.

Q. What is the spread?

A. Approximately 35¢ a ton commission. It was somewhat higher than that the first year or so.

BY COMMISSIONER MORRISON - That is when you were paying off the bonds?

A. I would say so.

BY COMMISSIONER McLAURIN - How much was it then?

A. It was closer to a dollar.

BY MR. FRAWLEY - You operate the Victoria Coal Company?

A. I am one of the Directors. It is not an operating company, just a selling company.

Q. Just an office?

A. Yes.

Q. Do you give much of your personal attention to the operation and management of Victoria Coal?

A. About an hour a year.

Q. You have a staff?

A. Yes.

Q. Where does it operate at?

A. New Glasgow.

Q. I am not being facetious, but you are only a Director in Victoria?

A. Yes.

Q. In Hillcrest you are a large shareholder and operator?

A. One of the large shareholders.

Q. And you are actively engaged in the management of that company?

A. Yes.

Q. But with Victoria, it is just an office in New Glasgow?

A. Yes.

Q. And simply receiving credits from day to day from the Hillcrest Company?

A. It receives our coal.

Q. Not physically. Has Victoria any handling facilities?

A. No.

Q. Just a broker?

A. Yes.

Q. I understand what a broker's business is, but frankly it is all operated in someone's office in New Glasgow?

A. Yes.

Q. The Hillcrest is an active company?

A. Yes.

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-1160-

Dr. D. M. Cochrane

Q. Of which you are the leading spirit?

A. One of them, I would not say the leading.

Q. I am generally interested to know to what extent you have done any talking to the high officers of the Canadian National. What are your views on that? What do you propose to do in the future about that?

A. For a few years our term carries on with Victoria, it is up for adjustment at the end of every ten year period; four years have gone by. We may be on the market selling our own coal.

Q. But you will not get away from Victoria until you pay them for their machinery?

A. No, not until we take over their machinery by buying it, or replacement..

Q. A lot of it has been replaced?

A. Yes.

Q. At Hillcrest's expense?

A. Yes.

Q. Then you reduce the 25¢ a ton by buying your own machinery?

A. That is about the minimum for handling coal.

Q. Does Victoria actively engage in the business of finding markets?

A. Yes.

Q. How much of a staff has Victoria over in New Glasgow?

A. I think three.

Q. Have they an office of their own or do they share one?

A. No, they have one of their own.

Q. And when the coal is sold to the Canadian National, the dealings are between Victoria and Canadian National?

A. Yes.

Q. And Hillcrest has nothing to do with that?

A. No.

Q. So it is really a selling organization?

A. Yes.

Q. And do they also engage in the local sale of your coal through the Maritimes?

A. Yes.

Q. And over to St. John?

A. Yes.

Q. Who do you sell to in St. John chiefly?

A. The Canadian National is one of the largest customers, and the Pulp Company in West St. John.

Q. And these arrangements are all concluded by Victoria Coal Company?

A. Yes.

BY MR. FRAWLEY - At the close of the Sittings in Sydney

I filed a number of questions directed to the Dominion Steel & Coal Corporation, Ltd., and Mr. Coken sometime later asked me to consider adding to those questions some suggestions that he gave me, and with one small inconsequential change, I have accepted his suggestions completely.

I have gone over the questions and revised some of them, and am now filing a revised list directed to the Dominion Steel & Coal Corporation, consisting of some thirty questions, and they are added at Amherst today, and I will see that a copy goes forward as soon as possible to the Dominion Steel & Coal Corporation, Limited. It need not be an Exhibit.

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ROYAL COMMISSION ON COAL

Amherst, N. S.,
February 12th, 1945.

REVISED LIST OF QUESTIONS DIRECTED TO
DOMINION STEEL & COAL CORPORATION LTD.

OWNERSHIP AND RESERVES

1. A map and an accompanying memorandum showing, in color if convenient, location and legal description of the coal lands held in leasehold by Dominion Steel & Coal Corporation, Ltd., or its subsidiaries or affiliates in the Maritime Provinces, the memorandum to show the amount of rentals, royalties or other considerations, and to further show the estimated reserves of mineable coal, classified by grade in each seam, in each leasehold.
2. A map showing the location and legal description of coal mines owned by Dosco or its subsidiaries or affiliates, with coal areas leased in connection therewith, but not now operated together with an accompanying memorandum showing:
 - (a) the estimated coal reserves in each case
 - (b) the reasons for the abandonment or cessation of mining operations
 - (c) the particulars of any applications made to the Corporation for the sub-leasing of the properties
 - (d) the reasons why such properties are not now operated by the Dosco or by sub-lessees from Dosco.
3. A memorandum stating and discussing the Corporation's policy with regard to the sub-leasing of mining properties by subsidiaries or affiliates to subsidiaries or affiliates, e.g. by Nova Scotia Steel and Coal to Old Sydney Collieries, the memorandum to cover inter alia:
 - (a) rentals exacted and principles followed in that regard
 - (b) royalties, if any reserved
 - (c) nature of provision made between parties for depletion of reserves, particularly whether such depletion is claimed for income tax purposes by the sub-lessor or the sub-lessee.

4. A memorandum stating and discussing the Corporation's policy with regard to sub-leasing of mining properties to individuals or corporations commonly designated independents, the memorandum to cover:

- (a) rentals exacted
- (b) royalties, if any reserved
- (c) assumption, or otherwise, by sub-lessee of royalty reserved by Crown
- (d) nature of any provision made for depletion
- (e) nature of provision made restricting the extraction of coal to a percentage of total mineable coal and reasons therefor
- (f) nature of provision made or covenants entered into apart from (e), either within the terms of the sub-lease or otherwise and whether written or oral, limiting selling price and, or, production under the sub-lease to a fixed tonnage per day or other period.

5. Complete and detailed Financial statements for each of the years 1930 to 1944, inclusive, for the undernoted companies:

- 1. Dominion Coal Company, Limited.
- 2. Cumberland Railway & Coal Company
- 3. Acadia Coal Company Limited
- 4. Old Sydney Collieries Limited

The statements submitted to include the following:

- (a) Balance Sheets (with all necessary supporting schedules, showing details of assets and liabilities).
- (b) Detailed particulars of the Capital Stock issued and Funded Debt, showing the consideration for the issue of Shares, Debentures, etc.
- (c) Operating Statements (with supporting schedules)
- (d) Particulars of charges for Depreciation and Depletion, with particulars of assets, etc., involved.
- (e) Per ton Costs (annual) of various classes of coal mined at each of the collieries involved, (break down of Costs to be as detailed as records will permit).

- (f) Analysis of Revenue received by the various Coal Companies involved, with all inter-company revenues duly segregated, showing tonnage and amount per ton. Sales should also be segregated as between classes (if any) of purchasers, showing the tonnage and sale price per ton.
- (g) Analysis of all inter-company expenditures and their related costs per ton.
- (h) Total annual Cost (each Company) of Production and total tons produced.
- (i) Total number of Shifts worked.
- (j) An account of the degree of mechanization in each colliery and the relation thereof to production costs.
- (k) Copies of all Income Tax and Excess Profits Tax Returns showing reconciliation with Profit and Loss Account of Company (Dominion and Provincial Income Taxes)
- (l) Copies of Annual Reports of Directors and Auditors to each Annual Meeting.

6. A memorandum with such tables and charts as are considered useful, showing for each of the years 1930 to 1944, inclusive, and for each of the collieries operated by the Dominion, Acadia, Cumberland and Old Sydney Collieries the production per man per day, the statement to show the production per man-day separately for producers and non-producers, and the total number of shifts worked in each such year respectively by producers and non-producers, the memorandum to set forth the Corporation's view upon the subject.

7. A memorandum, accompanied by such tables and charts as are considered useful, dealing with what is referred to as absenteeism, the memorandum

- (a) to review each of the years 1930 to 1944, inclusive,
- (b) to cover all classes of employees, particularly producers and non-producers, each of such last-mentioned classes to be separately discussed and charted and to be broken down between avoidable and unavoidable causes of absence from work.

(c) to state the Corporation's views upon the subject.

8. A statement dealing with the cost of electric power supplied to each of the collieries of the Corporation, its subsidiaries and affiliates either by the Corporation itself, or by Seaboard Power or by any other subsidiary or affiliate, the statement to show:

(a) the production cost per kilowatt hour

(b) the price charged the colliery for power supplied, in cents per ton and showing method of charging the cost per kilowatt hour against the cost of coal

(c) whether such price is fixed by the Nova Scotia Board of Public Utilities, and, if so, giving date of current Board order.

(d) the profit or loss to the supplier

(e) the comparable prices charged per kilowatt hour to users not connected with Dosco.

9. A memorandum exhibiting all plans, blueprints, memoranda, etc. prepared for consideration of the Corporation's management having to do with the development of the Corporation's coal properties in the next ten (10) years, the memorandum to indicate the levels of production and employment envisaged by such development plans.

10. A memorandum elaborating upon the evidence already given by the Corporation's officers regarding the estimated post-war yearly production, setting forth the statistical figurations used in arriving at the estimate and keeping in mind the statement in F. W. Gray's evidence (vol. 1, page 11) to the effect that the 1938 Maritime production of six and a half million tons represents 75 percent of maximum.

TRANSPORTATION

11. A memorandum and/or statement showing the cost per ton of transporting coal by water from Sydney to Halifax, Saint John, N. B., Quebec, Three Rivers, Montreal, St. John's, Nfld., for each of the years 1930-1944 inclusive.

12. A memorandum dealing with the various cost factors involved in the transport of coal, rail and water, from Pithead,

Glaco Bay, Sydney Mines and Pictou to St. Lawrence River ports for the years 1930 to 1940, inclusive, broken down to indicate the following factors when, and if, involved:

- (a) Rail to Intercolonial Pier (this is a published tariff rate of 28 cents per gross ton or 25 cents per net ton) also rail to other coal docks (railway tariffs)
- (b) handling into vessels, trimming, etc.
- (c) (1) Water from Intercolonial Pier and other docks to various points on the St. Lawrence River (inclusive of Marine Insurance, etc.)
(2) Discharging at St. Lawrence River ports.
- (d) Storage at St. Lawrence River ports and loading into railway cars or trucks
- (e) Wharfage charges where involved
- (f) Trans-shipment from ocean vessels to lake canallors at St. Lawrence River ports.
- (g) Actual water rates as assessed by bulk freighters and self-loaders from St. Lawrence River ports to Lake Ontario and Lake Erie ports.
- (h) Unloading costs to stock pile or into railway cars.
- (i) Storage and loading into railway cars at different Lake Ontario and Lake Erie ports.
- (j) Financial statements for each of the years 1930-1944 inclusive of any rail or shipping subsidiary or affiliate of the Corporation.

13. When coal is banked in the winter for subsequent shipment by water, what have been the extra costs incurred for transport from pithead to stockpile, storage, handling, loading into coal cars and thence transport to coal docks?

14. In connection with the various cost factors in (12) and (13) kindly develop information, where possible, respecting increases in cost now existing which are likely to remain in the post-war period. That is to say, apart from the matter of water transport cost, Sydney to St. Lawrence River ports in the post-war period, which is indeterminable, what are the increased costs now in effect which are likely to remain and thus reflect in the through

costs of moving coal from pithead and unloaded at St. Lawrence River ports?

15. What proportion of the coal shipped to St. Lawrence River ports has been banked and subsequently re-shipped?
16. (a) Are the water rates on page 39 of Exhibit 6 (Markets Brief), with the exception of Toronto rates, in connection with bulk freighters?

(b) If the answer to (a) is in the affirmative, what are the unloading costs at the points named at page 38?
17. To what extent would coal be displaced by oil used for tractors? (See page 50, Exhibit 6)
18. Has there ever been any information developed as to loss in value in Cape Breton coal due to handling and oxidation (when stored) from pithead to destination via water?
19. A memorandum showing total freight subventions paid on shipments of the Corporation's coal in each year since subventions authorized, dealing separately with Cape Breton, Acadia and Springhill operations.
20. A memorandum showing total of all production and other coal subsidies received during the years 1930 to 1944 by the Corporation, directly or indirectly, whether through the Emergency Coal Production Board or under the Domestic Fuel Act, R.S.C. ch. 52 or under Chap. 6 of Statutes of Canada 1930 or otherwise, and whether any check or investigation with respect to any of the coal or associated companies of the corporation by the Emergency Coal Production Board and/or the coal controller and whether any report or particulars of any such report has been received and if so, the views and observations of the corporation in respect thereto.

MARKETS

21. A memorandum dealing with the sale of various coals to the Montreal Coke and Manufacturing Company and to the Corporation's subsidiaries and affiliates, including the Corporation's steel plant at Sydney during each of the years 1930 to 1944 inclusive, the memorandum to:

- (a) exhibit copies of all pertinent contracts
- (b) the amounts sold and the prices charged to each of such companies
- (c) the mechanics of the procedures used in arriving at the price or prices and
- (d) to give a summary of the price changes, with reasons therefor, in the period 1930 to 1944 inclusive.
- (e) to show the comparable prices of similar coal sold to
 - (1) large industrial consumers, e.g. International Nickel and
 - (2) to wholesale or retail marketers for re-sale

22. A memorandum or statement showing the value per ton of coal of the chemical derivatives obtained from the coal sold by the Corporation to the Steel Plant.

23. A memorandum dealing with the matter of selling agents, wholesale or retail, the memorandum to set out the names and location of such agents and to exhibit copies of all contracts which contain provision for

- (a) exclusive agents
- (b) exclusive sales territories
- (c) special commissions, discounts or prices or rebates.

24. Complementary to item 16, a memorandum covering the Corporation's sales policy, having in mind generally but not exclusively the following matters:

(a) does the Corporation's sales department engage in both wholesale and retail distribution, either directly or through owned or controlled agents or dealers?

(b) in populous areas, e.g. Halifax, St. John, Quebec, Montreal, Ottawa, Toronto and Hamilton, what in brief are the mechanics of the distribution? Are all wholesalers free to purchase their requirements on the same basis? Please discuss fully.

(c) does the Corporation allocate exclusive territories

! within which the sale of the Corporation's coal is confined to one wholesaler or retailer? If so, please discuss and give particulars.

(d) does the sales department directly negotiate and execute sales to large industrial consumers, e. g. International Nickel Co., or is this business carried on through the intervention of any agent or wholesale or retail dealer and what is the Corporation's sales policy in this respect?

Please discuss this class of business fully, explain the prices charged and technique involved in establishing such prices.

(e) does the Corporation or any of its subsidiaries or affiliates sell any imported coal and if so, as to each of the years 1930-1944 inclusive, the sources, the amounts, the grades and the respective selling prices.

25. A statement showing the make-up of total sales costs per ton for each of the years 1930 to 1944 inclusive, the statement to show separately dock and pier expense, inventory expense, salaries, wages, commissions, discounts, sales promotion expense, combustion research expense, etc., or such other comparable sub-divisions of sales expense as the Corporation's cost-keeping records disclose.
26. A statement from the Sydney and Louisburg Railway indicating the disposition of the subvention payments on the on-carrying lines. I refer to the statement made in Exhibit 39, that in 1943 the Sydney and Louisburg Railway received \$163,853.00 in subventions and \$178,881.00 in 1942.
27. A memorandum dealing with the question of purchases of coal from the Bras d'Or Coal Company, Indian Cove Coal Company, or any other independent in Cape Breton, and memo to indicate the classes and tonnages of coal per month, the prices paid, and reasons and circumstances surrounding the purchases.
28. Supplementary to Item 22, a separate memorandum dealing with the production and sale of Benzol, the memorandum to show the price obtained for the finished product, and, if within Dosco's knowledge, a statement of the use to which the Benzol is put by purchaser. It would be appreciated if this item could be dealt with as soon as possible so that, if the information

cannot be obtained from Dosco the matter can be followed up with Imperial Oil.

29. (1) A memorandum explaining in detail the number of shifts per day worked in (a) the Dominion mines in the Glace Bay and New Waterford areas and (b) the Old Sydney mines in Sydney Mines. I desire, particularly, to have fully explained the difference between the shifts worked on Saturday as compared with the shifts worked on Monday, Tuesday, Wednesday, Thursday and Friday in each of the aforesaid areas.
- (2) Statements showing tonnage produced in (a) the Glace Bay/ New Waterford mines and (b) in Sydney Mines' mines for the following periods:
- (a) December 3, 1944 to December 9, 1944 inclusive.
 - (b) December 10, 1944 to December 16, 1944 inclusive.
 - (c) December 17, 1944 to December 23, 1944 inclusive.
 - (d) December 24, 1944 to December 30, 1944 inclusive.
 - (e) January 1, 1945 to January 6, 1945 inclusive.
 - (f) January 7, 1945 to January 13, 1945 inclusive.
 - (g) January 14, 1945 to January 20, 1945 inclusive.
 - (h) January 21, 1945 to January 27, 1945 inclusive.
 - (i) January 28, 1945 to February 3, 1945 inclusive.
30. Confirming my arrangement with you some days ago, please let me have a memorandum covering the cost of coal produced on Saturdays in the collieries of Dominion Coal Company and Old Sydney collieries prepared so as to show the difference in the costs of coal produced on Saturday as compared with coal produced on Monday, Tuesday, Wednesday, Thursday and Friday.

BY MR. FRAWLEY

I am now filing for the record a questionnaire directed to several independent coal operators, by independent I mean, as far as Nova Scotia is concerned, outside of Dosco; the principal operators in New Brunswick, the principal coal operators in Saskatchewan, the principal operators in Alberta, and the principal operators in British Columbia.

ROYAL COMMISSION ON COAL
Canada

Room 2219, No. 3 Temporary Building,
Ottawa, Ontario, Canada.

Bras d'Or Coal Company, Ltd., Bras d'Or, N. S.
Indian Cove Coal Co. Ltd., Sydney Mines, N. S.
Hillcrest Mining Co. Ltd., River Hebert, N. S.
Joggins Coal Co. Ltd., Joggins, N. S.
Standard Coal Co., Ltd., Amherst, N. S.
Greenwood Coal Co. Ltd., New Glasgow, N. S.
Intercolonial Coal Co. Ltd., Westville, N. S.
Avon Coal Co. Ltd., St. John, N. B.
W. B. Evans, Rothwell, N. B.
Gerald H. King, Chipman, N. B.
Minto Coal Co. Ltd., Minto, N. B.
Miramichi Lumber Co., Ltd., Minto, N. B.
Newcastle Coal Co., Minto, N. B.
Welton & Henderson, Ltd., Minto, N. B.
Eastern Collieries & Bienfait, Estevan, Saskatchewan.
Manitoba & Saskatchewan Coal Co. Ltd., Winnipeg, Man.
Western Dominion Coal Mines, Ltd., Taylorton, Sask.
All Members Western Canada Bituminous Coal Operators Association,
Calgary, Alberta.
All Members of Domestic Coal Operators Association of Western
Canada, Drumheller, Alberta.
All Members of Edmonton Coal Operators Association, Edmonton, Alta.
Lethbridge Collieries, Ltd., Lethbridge, Alta.
Canadian Collieries (Dunsmuir) Ltd., Nanaimo, B. C.
Princeton Tulameen Coal Co. Ltd., Princeton, B. C.
Tulameen Collieries Ltd., Vancouver, B. C.
Merritt Coal Mines, Ltd., Merritt, B. C.

Dear Sirs:

The Commission has instructed me to request you
to furnish the following material:

- (1) Complete and detailed Financial Statements for each of the years 1930 to 1944 inclusive. The statements submitted to include the following:
 - (a) Balance Sheets (with all necessary supporting schedules, showing details of Assets and Liabilities).
 - (b) Detailed particulars of the Capital Stock issued and Funded Debt, showing the consideration for the issue of Shares, Debentures, etc.
 - (c) Operating Statements (with supporting schedules).
 - (d) Particulars of Charges for depreciation and depletion - with particulars of Assets etc. involved.
 - (e) Per ton costs (Annual) of various classes of coal mined at each of the collieries of your company involved (Break down of costs to be as detailed as records will permit).
 - (f) Analysis of Revenue received, with the Sales duly segregated as between various classes (if any) of purchasers, showing the tonnage and sale price per ton.

- (g) Total annual Cost of Production and total tons produced.
 - (h) Total number of Shifts worked.
 - (i) An account of the degree of mechanization in each colliery and the relation thereof to production costs.
 - (j) Copies of all Income Tax and Excess Profits Tax returns - showing reconciliation with Profit and Loss Account of Company.
(Dominion and Provincial Income Taxes).
 - (k) Copies of Annual Reports of Directors and Auditors to each Annual Meetings.
2. A map or sketch with an accompanying memorandum showing the location and legal description of the coal lands held by your Company, the memorandum to show the rentals, royalties, and other considerations payable and to further show the estimated reserves of mineable coal classified by grade and seam.
3. A memorandum showing total freight subventions paid on shipments of your company's coal in each year since subventions authorized.
4. A memorandum showing total of all production and other coal subsidies paid during the years 1934 to 1944 of your company, directly or indirectly, whether through the Emergency Coal Production Board or otherwise and giving reference in each case to the statute or order-in-council under which the subsidy was paid.
5. A memorandum accompanied by such tables and charts as are considered useful dealing with what is referred to as absenteeism, the memorandum
- (a) to review each of the years 1930 to 1944 inclusive
 - (b) to cover all classes of employees, particularly producers and non-producers, each of such last-mentioned classes to be separately discussed and to be broken down between avoidable and unavoidable causes of absence from work.

It is requested that the foregoing material be mailed to the Commission's office, Room 2219, No. 3 Temporary Building, Ottawa, Ontario, or delivered to the Secretary as follows:

British Columbia operators - not later than 26th March, 1945.

Alberta operators - not later than 3rd April, 1945.

Saskatchewan operators - not later than 19th April, 1945.

New Brunswick and Nova Scotia operators - not later than 15th April, 1945.

Yours very truly,

Robert D. Howland,
Secretary.

BY THE CHAIRMAN - That covers the list?

BY COMMISSIONER McLAURIN - It is along the lines as directed to Dosco?

BY MR. FRAWLEY - Along the same lines as far as financial and cost information is concerned it is almost identical with matters asked of Dosco. Other matters are being asked of Dosco that would not be pertinent to the Independents.

HEARING ADJOURNED UNTIL 2:00 P.M.

2:00 P.M. HEARING RE-CONVENED

DR. COCHRANE returned to the stand - EXAMINED BY MR. FRAWLEY

Q. Dr. Cochrane, what do you mean by saying there should be a re-allocation of coal areas in the province in order to prolong the life of the industry?

A. Take as an illustration the Standard Coal Company. When they started mining in the present slope they owned the area only for six or seven hundred feet, and when they went deeper they had to go on the area of the Victoria Coal Company for 1000 or 2000 feet, and then if they went deeper they went on the area of the Maritime Coal, Railway & Power Company. In the original allocation of those areas, when a person took up a certain distance on the outcrop they should have had right to the deep. At present Standard is paying Victoria 15¢ royalty on top of the 12½¢ to the government. If they go still deeper they will come to the area of the Maritime Coal Railway & Power Company and then they will have a royalty to pay that company. In that district on nearly all of the seams the outcrop has been cleaned. In the original taking up of those leases, small companies or private individuals went and took up a strip along the surface where it was easy, cheap coal and then they abandoned it. It filled up and another company coming in would have to do-water it, and the worst feature was that the crop coal had been stripped off all along the surface and making the whole surface in every rain the water going back where the coal had been taken out, and making it a very

expensive operation. Had they been allocated right to the deep the life of that district would have been more than doubled. At present the crop coal is pretty well stripped.

Q. That simply means that at the time of the original leaseings by the Crown these conditions which you now describe were not anticipated, were not taken into account?

A. In the early days in laying out those leases the buyers, or the parties in power didn't look to the future. They were merely looking to the immediate turnover for a few years.

Q. To be fair to them, you are looking back and say it would have been much better if they were leased out in different fashion?

A. Yes.

Q. If their leases had provided for leasing in areas or according to areas as you now describe them?

A. Yes.

Q. And now you say you are reaping some of the circumstances of the policy of that day?

A. Yes.

Q. If I acquired a lease in those days, what you call re-allocation is really dispossessing me of my rights? If you choose to come in on my lease, ordinarily I have a right to a royalty?

A. Yes, having obtained those rights.

Q. You would be interfering with vested rights?

A. Yes, but on the other hand there is still a feeling, I think enjoyed by a large part of the public, that no individual should have vested rights that interferes with a whole community or a province.

BY THE CHAIRMAN - Why didn't the people who were taking out the leases at first know something about the area before they jumped in and took a small part. I blame it on the method of prospecting. The people who go in there at first are satisfied with a little bit of property and do not know what is ahead of them, and somebody comes in and takes up the balance.

A. There is a lot of truth in that. Individuals were granted leases with no consideration of their financial responsibility.

Q. I am placing the blame entirely on the people who took up the leases in the first instance.

A. That is away gone by.

Q. Of course it is, and then the vested rights comes in.

A. But the life of coal mining in that district has been seriously handicapped as a result of that policy.

Q. The ideal thing would be, according to you, to take the leases away from all the small operators and hand them over to Springhill? Or would you not like that?

BY COMMISSIONER MORRISON - Or the Victoria Coal Company?

A. Neither one.

Q. Doctor, you told us you would be good enough to complete this historical sketch. Starting with the Victoria Coal, who are the officers and Board of Directors of that Company?

A. The President is Oswald Fife.

Q. And his address?

A. Joggins. The Secretary of the Company and Managing Director is J. A. Cunningham of New Glasgow.

Q. And the other Directors?

A. I am one of the other Directors.

Q. And your initials, Doctor?

A. D. M. I think J. H. Winfield is at present, I think he was put on last year.

Q. Doctor, this Board of Directors meet once in a while?

A. We have not had a meeting since we were appointed last.

Q. Not since you paid the Bond Issue?

A. Oh yes, we have had a meeting since that.

Q. So the Directors are Mr. Fife, Mr. Cunningham, Mr. D. M. McDonald.

A. Not McDonald, D. M. Cochrane. There used to be a Garfield McDonald.

BY THE CHAIRMAN - And Mr. McCulloch?

A. I don't think he is on the Board of Directors at present. He is interested in the Company.

BY COMMISSIONER MORRISON - He is one of the shareholders?

A. Yes, I would say the controlling interest in it, either directly or indirectly.

Q. Now Hillcrest Mining Company. Kindly indicate who they are?

A. The President of the Company is William Taylor of Joggins. Vice President, myself, Dr. D. M. Cochrane. And Oswald Fife is the other Director.

Q. Just the three of you?

A. Yes, at present. We had a fourth but he passed away last year

Q. At the moment as far as the policy of Hillcrest is concerned it is pretty well controlled by?

A. Three.

Q. Two of whom are on the Directorate of Victoria Coal?

A. Yes.

Q. Does the Victoria receive any royalty from Hillcrest?

A. No, they don't own the area.

Q. And this Agreement that you, as Vice President, that you have with the other Board of Directors concerning the leasing of the equipment of Victoria Coal Company, is that reduced to writing?

A. Yes.

Q. Will you file a copy of that Agreement?

A. I will. I have not it with me today.

Q. Any other consideration that the Victoria people receive from the Hillcrest Company?

A. No other consideration except their commission on coal.

Q. Is there a written agreement covering the commission on coal

A. No.

Q. There is no written agreement about it?

A. No.

Q. How do you arrive at what is fair and equitable in dealing with the Hillcrest people? I am talking to you as a Director of Victoria Coal.

A. Yes. Originally, when we decided to go into the mining game as a separate company outside of Victoria.

Q. Perhaps the mining business is the best term. Mining game may be a good brokerage word.

A. It is a fairly practical term. The cost of production in Victoria Coal was taken as a basis of labor costs, and added to it the cost of royalties, and compensation, and outfit, and it brought it up to a certain price. I personally had a great deal of difficulty there, I felt it was not high enough but I was overruled.

Q. Where did your difficulty come in?

A. As Vice President of the Hillcrest.

Q. You were finding difficulty with the arrangement as Vice President of Hillcrest?

A. Yes. But I was overruled on that and we started away on a certain price. We were not in operation very long until we found that my original contentions were justified, that we were not getting enough and Victoria too much. They were getting the difference from the market price to the price they were paying us, and that has been adjusted from time to time, and speaking personally, we never got a price that was fair until we came up before a Coal Board for subsidy, and they went into it very thoroughly and as a result of deliberations with them we got an adjustment of price with Victoria which I considered fair.

Q. Now this Hillcrest Corporation, is it making money?

A. Up to the last few months I would say no. We have received subsidy. Right at the present time we are making some money as we have an exceptionally good tonnage per man per day. Right at present we have the best tonnage per man day in the district.

Q. Was it losing?

A. Yes, for about $1\frac{1}{2}$ years around 30¢ a ton loss.

Q. Where did that come from?

A. It came from the Federal Government.

Q. Did they allow you a profit in addition to the 30¢ you were losing?

A. We were supposed to be allowed standard profits which were fixed at \$5,000. temporarily. I believe there is still a balance due us on that profit and.

Q. You say Victoria has an office in New Glasgow?

A. Yes.

Q. And has a staff of three. Give me their names and duties.

A. J. A. Cunningham, he is Managing Director of Victoria Coal and he is in the office there steady. And I think Miss McMullan was his Secretary. And there is a third party that is there part time. I don't know the name of the third party, she is a girl who comes in to assist Miss McMullan.

Q. It is another girl?

A. Yes.

Q. Mr. Cunningham, the Managing Director, is a full time employee?

A. Yes.

Q. And his Secretary, Miss McMullan?

A. Yes.

Q. And this extra stenographic help that they get in part time?

A. Yes.

Q. That completes the staff?

A. As far as I am aware of.

Q. If it was any different you would know about it?

A. I should.

Q. Now would you turn to the last page of your brief, the Victoria brief - in 1941, 44 thousand tons, almost 45 thousand and in 1942 115 thousand odd, and in 1943 89 thousand?

A. Yes.

Q. That didn't take much salesmanship, I don't suppose?

A. During the war years it would not. I think it was more or less automatic. It would come whether there was a sales organization or not.

Q. And this seventy-nine thousand that you paid off the Bond Issue with, was undoubtedly made out of commissions on coal bought from the Hillcrest Mining Company?

A. I don't know of any other source it would come from.

Q. You are a Director of Victoria Coal?

A. Yes.

Q. And although you didn't have a meeting for some time, it would be your duty to know where the money came from?

A. Yes.

Q. And would you say that is where it came from?

A. I would say that is where it came from.

Q. And in the same years you paid a dividend of 50¢ a share for three years, which would be a matter of \$3,000.?

A. \$3,000. a year.

Q. Another \$9,000.?

A. Yes.

Q. And as a Director of the Hillcrest now, and Vice President of the Hillcrest Company, don't you think perhaps Hillcrest could operate very well these days without paying out all this money to somebody sitting in New Glasgow?

A. Under war conditions, yes. Back to pre-war days I would say Hillcrest would have to have a selling organization, and I don't think they could build up a selling organization and dispose of their coal at less than 35¢ a ton.

Q. You are not seriously suggesting that Mr. Cunningham and Miss McMullan and this other girl are a selling organization?

A. But they have the selling organization which was built up over a period of years.

Q. What do you mean?

A. Their customers over the Maritimes.

Q. But an organization consisting of a series of people?

A. Yes. In former times Mr. Cunningham did get out on the road.

Q. So the selling organization consists of Mr. Cunningham, Miss McMullan and another girl part time?

A. Yes, so far as the company end is concerned, although I do believe they pay a commission to other representatives in different parts of the Maritimes.

Q. So that the Hillcrest Mining Company is really saddled with something in this agreement with Victoria now, that is not

altogether too fair?

A. I consider it fair at the present time. In the first two or three years I would consider the set-up quite unfair; I think we were probably taken a little bit into camp.

Q. For instance Vice President Cochran had some difficulty with Director Cochran in keeping the thing straightened in his own mind?

A. I didn't have any trouble with my own mind, I had trouble with some other minds.

Q. But you did experience some difficulty?

A. Yes, considerable.

Q. Would you say today that it would not be that that money would be better with the company producing the coal?

A. It could be used very nicely by them.

Q. You said something about this machinery that you leased from Victoria?

A. Yes.

Q. You are talking about the Hillerost people, that they leased from Victoria?

A. Yes.

Q. What was the basis of that rental, or the consideration?

A. In the original set-up of the thing there was really no definite figure set on that machinery, tonnage, it was more or less grouped with the price of operating. I presume the prime movers of it had given due consideration to it and it was not going to be used by them, they were going out of the operating business.

Q. Who takes the depreciation when you file Income Tax on this machinery?

A. The Victoria Coal Company takes depreciation on the machinery that is their's.

Q. And there is a proper entry kept so that when the Income Tax people come around?

A. Yes, there is no conflict there whatever.

Q. You said something about replacing some of the worn out machinery?

A. That has been replaced with new machinery. Some of it is out-dated with more modern machinery.

Q. Who takes care of that?

A. Hillcrest.

Q. And the ownership of that replacement?

A. Is in the hands of the Hillcrest.

Q. If that keeps on, one of these days you will have Victoria off of the map?

A. I would say in a period of two or three years with the exception of one or two pieces of machinery, the machinery will belong to Hillcrest.

Q. Does Hillcrest lease their coal rights from the Crown?

A. No.

Q. Who do they get it from?

A. I believe we have a sub-sub-lease.

Q. Tell us about it?

A. We have a lease from the Joggins Coal Company.

Q. That is Mr. Ayard's Company?

A. Yes, and in turn they have a lease from the Tantrammar.

Q. Who are they?

A. They lease from the Crown. I don't know the officials of it.

Q. Are they brokers?

A. No.

Q. Are they operators?

A. I don't know. I think there is a party here present who could tell you that.

Q. But so far as you are concerned, your lease is with the Joggins Coal?

A. Yes.

Q. What royalty do you pay them?

A. $12\frac{1}{2}\%$.

Q. And in addition to that?

A. $12\frac{1}{2}\%$ to the Crown.

Q. Do you think that is fair?

A. Which one?

Q. Either, or both?

A. I don't think either is entirely fair. I think these small seams with coal below standard in quality should receive some consideration both from the Crown and from the Companies sub-leasing.

Q. That is your position?

A. Yes.

Q. You in turn as a Director of Victoria lease some coal to Mr. Avarð of the Standard Coal, do you not?

A. Yes.

Q. What do you think about the royalty which Victoria Coal is charging Mr. Avarð?

A. Too high.

Q. It is higher than he is charging you?

A. Yes. At the present time Joggins is kind of kept in a jamb. The Mines Department stepped in. It had been the custom in that district to charge 25¢, in some places higher. The Government a few years ago stepped in and they fixed the price of royalty sub-leasing at a maximum of 12½¢.

BY MR. FRAWLEY - Who fixed that?

A. The present Department of Mines.

Q. Did they pass legislation?

A. As I understand it they passed legislation, or an Order-in-Council, and we were informed that 12½¢ a ton was the maximum royalty that could be charged.

BY COMMISSIONER MORRISON - Exm of Dr. Cochrane continued.

Q. I understand that Mr. Avarð charges you the maximum, but as a Director of Victoria you are charging Mr. Avarð 15¢.

A. Too high.

Q. You think Mr. Avarð is charging you too much?

A. Yes.

Q. But as a Director of Victoria what have you done about charging Mr. Avarð less?

A. My voice is only one. I have suggested that the royalty should be reduced to 12½¢.

Q. But you think 12½¢ is too much, and if you are going to

reduce it, you are going to reduce it to a proper level?

A. That brings up one point which has been a great hardship to these independent companies. The question of under-cutting or under-selling these companies who have been organized years ago and get a standard price, but instead of that they have under-sold one another and tried to make adjustments here and there, where there were markets for all.

Q. And chiseled a bit on the coal miners to make it up?

A. I believe in the long run labor does not get too much. They might get more than what the product is bringing.

Q. They don't get enough?

A. I don't think labor has received enough in the past for the comforts of life.

Q. Of course they only get what they are able to get through their economic strength in their organization.

A. They are held up to a large extent by the price which the Company is getting for their product.

Q. And they have no say as to what that price shall be?

A. No.

Q. You have been in business for some time Doctor?

A. A little.

Q. Other business besides coal?

A. Somewhat.

Q. And it has not been your practice to hand out any bonuses or increases without it being asked for?

A. I would not say it was a practice, but it has been done on numerous occasions. It should be done more often.

Q. You spoke of an Order-in-Council passed by the Provincial Government?

A. I could not say whether an Order-in-Council or a Statute.

BY THE CHAIRMAN - Is it not on the Statutes of the Province?

A. I think it is now.

Q. You didn't mean to say that the Governor by Order-in-Council or legislation has agreed that the royalties must be $12\frac{1}{2}\%$?

A. It cannot be over that.

BY MR. FRAWLEY - What right have they to say it cannot be over

that?

A. They have to sanction all sub-leases, they have to be submitted to them, and they will not sanction a sub-lease with a royalty of over $12\frac{1}{2}\%$.

BY COMMISSIONER MORRISON - Did you say by this Order-in-Council that the sub-lessee, the lessee from the Crown cannot charge more than $12\frac{1}{2}\%$ royalty when he subleases?

A. I understand at the present time they won't sanction more than that.

Q. Then you are going against the law in Victoria Coal when you charge Avarad 15% ?

A. I would say that would go back in the vested rights. That was through before this was put into effect.

Q. This legislation was not in effect?

A. It has only been in recent years.

BY THE CHAIRMAN - There is no such legislation in the first place. They say it must not be over $12\frac{1}{2}\%$, and there is a very good reason for it, but that is done when they allow the sub-leases to go through.

BY COMMISSIONER MORRISON - What other service does the Victoria Coal give this Company?

A. I would say no other service.

BY MR. FRAWLEY - Are there many operations in this area that have to carry both Crown lease and sub-lease royalties of $12\frac{1}{2}\%$, making a total of 25% a ton?

A. I don't know the total of the others. I don't think there is any company in the district but what is paying a sub-lease at the present time.

Q. They are all under sub-lease at the present time?

A. I think so.

Q. How many of them are seeking a Central Canada market?

A. At the present time I don't think any of them.

Q. So they are not going to the Federal Government for any assistance on freight rates?

A. Not at present.

Q. Before the coal did get subventions, did you move coal into Central Canada?

A. Victoria some years ago moved a small quantity into the Quebec market.

Q. And they were paying 25¢ royalty?

A. At that time they were operating on their own leases.

Q. At this time are there any companies that pay 25¢ royalty that are seeking subsidies?

A. I don't know.

Q. Is the subsidy to enable you to break even or to make a certain profit?

A. It is paid to us to break even and at the end of the year if we have not made up to standard profits they will bring us up to \$5,000 temporary standard profits, although they have not done it so far as Hillcrest is concerned. We are not receiving any subventions.

Q. It is under negotiation I suppose?

A. Yes.

Q. It is intended to let you make standard profits?

A. Yes.

Q. And in your case it is \$5,000?

A. Yes.

Q. And on that you are taxed \$1500.?

A. Yes.

Q. Which leaves you \$3500.?

A. Yes.

BY THE CHAIRMAN - Don't you think the mining leases should be changed? Where there is an individual owning coal leases and someone wants to come and sub-lease that from the lessee, don't you think the policy of the Government should be, in order to protect the coal industry, to cancel the lease and hand it over to the man that wants to operate?

A. I think the person who holds the lease should receive some consideration, but I think there should be a general reviewing and the basis of that review should be what is best for the province as a whole and what is best for the community concerned.

And especially a community like ours where the life of the community is dependent on it.

NORMAN T. AWARD Re-called - EXAMINED BY MR. FRAWLEY

Q. Mr. Award, are you pretty well acquainted off-hand with the mileages on your railway?

A. Yes.

Q. It is called the Maritime Coal, Railway & Power Co., is it?

A. That is the Company. It is operated as the Maritime Railway.

Q. But the Company that owns and operates it is the Maritime Coal, Railway & Power Company?

A. Right.

Q. It is not the Maritime Coal, Railway & Power Company that manufactures the power that is distributed by the Canada Electric, is it?

A. It was that company that originally constructed the plant at Chignecto Mines. Later the power department of the Maritime Coal Company was purchased by the Canada Electric Company, which in its turn was originally organized in the town of Amherst in 1889.

Q. Then the power department of the Maritime Coal, Railway & Power Company has disappeared?

A. Yes.

Q. Does it operate coal mines?

A. No.

Q. So the Maritime Coal, Railway & Power Company is, for all practical purposes, a company which merely operates a railway?

A. And some lumber property.

Q. I suppose your tariff of rates is all approved by the Board of Transport Commissioners?

A. It is.

Q. It is a Federal railway because it is physically joined with the Canadian National?

A. It is under the Transport Commission.

Q. Just confirm these mileages. From Maccan to Hillcrest mine is how much?

A. It is listed as 10 miles.

Q. And the rate is 40¢ per short ton, per ton of 2000 lbs.?

A. Yes.

Q. That works out at a little more than 4¢ per ton mile?

A. Approximately.

Q. At Hillcrest mine is where Dr. Cochrane operates is it?

A. Yes.

Q. The mileage to Joggins mine is 12 miles?

A. Yes.

Q. And the rate is 40¢?

A. Yes.

Q. Which is 3.3¢ per ton mile?

A. Right.

Q. Then to the Standard coal operation I understand it is only seven miles?

A. Yes.

Q. And the rate is 39¢ per ton?

A. Yes.

Q. Or a per ton mile rate of 5.57¢?

A. Approximately.

Q. These rates must be all right in view of the fact that these are all approved by the Board of Transport Commission, but don't you think they are a little unfair?

A. No, I don't.

Q. Will you elaborate that?

A. I don't pose as an expert in freight and railway rates, that is too complicated for one of my capacity, if there is anybody with a capacity to understand it. But it is not at all fair to consider a straight mileage rate on what is actually only a siding so far as mileage is concerned. In other words your cost of operation, which is based very largely on your original cost of your road and your equipment, cannot be broken down to a straight mileage rate, or anything approaching it, in the short distance of 12 miles. In other words it costs the company practically the same amount to haul a carload of coal from the

Standard mine, a distance of 7 miles to Maccan, as it does from Joggins Mines to Maccan, a distance of 12 miles. The only difference is the small amount of coal which would be used. You start your train through from the terminus at Joggins and you use a certain amount of coal in getting your train out to the Standard mine, almost as much as if you had the carload of coal attached. I claim that is a good reason why a straight mileage rate cannot be applied to a small railway operation such as this one.

Q. In view of the fact that the ^{freight} experts of the Board of Transport Commissioners have allowed you to publish these rates, they must think they are all right.

A. I have always felt that the rates are fair.

Q. Well over in Cape Breton, the distance from Glace Bay to Sydney is 13 miles on the Sydney and Louisburg Railway and the rate per gross ton is 28¢, which would be about 25¢ per net ton, I am told. And that is about 1.9¢ per ton mile. And I suppose, similarly, the Board of Transport Commissioners have approved those rates?

A. I suppose they have.

Q. They are certainly much less onerous rates than charged by your railway?

A. Well I don't know definitely about the operation of the Sydney and Louisburg Railway, but I have heard the statement that its density of operation is the largest of any railway in Canada.

Q. And that enters into it?

A. Certainly. If you have a very large volume of tonnage such as they have on the Sydney & Louisburg Railway, as compared with the comparatively small tonnage handled on the Maritime Railway, then I think almost anyone who has ever thought of the problems involved in operating a railway must admit that it costs more per ton to haul a year's tonnage on the Maritime Railway than it would on the Sydney and Louisburg Railway.

Q. That invites me to make the obvious suggestion to you, that that little line of railway which is so short that you have to charge these high rates, should be absorbed into the Canadian National?

A. I have never objected to that. But there is this little feature that was referred to quite recently about vested rights, and the Company which had the temerity to build that railway in 1882, and those who followed and invested their capital by way of rotation of interests, certainly are entitled to consideration in the matter of the transfer. That is probably the rock on which the ship may be wrecked, if it is wrecked, but as an official of the company I can say that there is no objection to making the sale to somebody else, presumably it would be the Canadian National. I know an attempt was being made to do it back some twenty or more years ago, I was interested at the time in trying to get clear of the road.

Q. There is certainly no reason why the railroad should be taken away without any detriment to the railway. Is there not something where the Railway could expropriate it and then arbitrate the compensation?

A. I think they can expropriate most anything.

Q. And I take it that your Company stands willing to enter into any of these proceedings with the Canadian National, to do business? If it were part of the national system, then the person shipping coal from any of these mines to St. John would enjoy a freight rate which would be almost the same as if he had it at Maccan?

A. I am not so sure of that. I don't think the result would be quite so helpful as Dr. Cochrane has intimated. There is the additional cost of operating a branch line which I would think would come into the picture. I am not positive of it, but I would think it would. The matter of rates which have been given as comparison from Maccan to St. John as \$1.00 per ton - it was not intimated that the rate from Maccan to Sussex, which is a 50 mile shorter haul, is \$1.60. That is one of the vagaries of

railway rates. But the question of water competition came in to establish that rate, the same as the rate to Moncton was established. The Maritime Coal Company when water shipments were the order of the day at Joggins, purchased a wharf property at Moncton and prepared to set up a water delivery service to Moncton, and just at the time they were about ready to start the railway rate was reduced to \$1.00 per ton, and so having accomplished our purpose, we abandoned the water idea. We are able to look at our property in Moncton as an heirloom. There is one thing about it that I think will be acknowledged by all who are interested, and that is that immediately you sell this railway to the Canadian National, you lose, or the coal mine operators lost that intimate personal attention which is available under present conditions. That is, I think, worth something.

(Page 1195 follows).

Q You think that the Maritime Railway is giving the people in the Joggins and River Hebert area more attention than they would receive if the Canadian National operated there?

A I think it is only natural that that should be the case.

BY COMMISSIONER McLaurin: What about the subsidy?

BY MR. FRANKLEY: The reason I didn't ask that, I know what it is now. There is a statement in Dr. Cochrane's brief that the Maritime Railway and Coal Company enjoys a subsidy which equals 10 cents a ton over and above the 40 cents which Dr. Cochrane has to pay in order to move his coal into Maccan. What is that due to?

A That is the Maritime Freight Rates Act.

Q Every pound of coal that moves within these Maritime Provinces enjoys the benefit of the Maritime Freight Rates Act?

A Within that restricted area.

Q The Government pays out to the railways something like 20% additional?

A It is in between 20%. The Board of Transportation Commissioners sets the rate to get rid of fractions.

Q But it is somewhere around 20%?

A 20% is the base.

Q The Maritime Freight Rates Act was passed as a direct result of the second Duncan Commission?

A That's right.

BY THE CHAIRMAN: Just before leaving that railway business, what is approximately the population that your railroad serves down there?

A Well, the immediate service goes to, I suppose, about 4,000 people.

Q And the people who need goods in there, food and that sort of thing, they must absorb the higher freight rates that must be paid?

A A very small proportion, sir.

Q How is that? Is there any difference between the coal-carrying and the other rates? For example, if a man down there is

getting two tons of goods it is a good deal extra than if it was on the C.N.R.?

A Oh yes. The rates are all governed by the same general classification naturally but the rates for different classifications are set in a comparative way, on the same basis as they are set on the main line. I can't give any reason why the first class rate should be 10 cents and the 10th class rate should be 4. Perhaps that is a little too extreme, but there are lots of different classifications where there are different rates and I can't see any difference in it, but the system has been built up that way.

Q Do you suppose we will be able to get from Mr. Matheson what extra it would cost for taking a carload of general merchandise into one of your towns there then it would if the C.N.R. were operating it, because after all there are more than coal operators interested in these freight rates?

A Yes, but this might be interesting. We have to make exactly the same return, the same voluminous information, as the Canadian Pacific, for instance, has. It is difficult sometimes to find what you want. What I was trying to get at was the tonnage. The coal tonnage is over 98% of the total tonnage hauled, so that this item that you speak of, so far as the railway revenue is concerned, is very infinitesimal; and another thing is, the Company by virtue of its having received subsidies from some source in the time of construction is compelled to give certain passenger service, which means running passenger trains two round trips a day, even without any passengers, and that is a losing proposition.

BY COMMISSIONER MORRISON: Not even passengers with passes?

A Well, we are allowed to issue passes to our own employees.

BY MR. FRAWLEY: But the busses and the trucks move the ordinary freight down there, don't they?

A Yes, they do to a very large extent.

Q I want to ask you your opinion about what seems to be very prevalent down here and that is this double royalty. Is that

something to be concerned about, because if it does not matter I would like to have the opinion of a man like yourself, and if it does matter I would like also to have your opinion.

A I think it is important. What I have tried to get across in the two previous appearances before you is not what has been roughly termed a reallocation of coal leases; I apply that more particularly to coal seams. I don't think it is practical perhaps to lease just seams alone; you have got to retain your lease areas. It used to be one square mile. Now they have some new scheme that reduces the size of the lease. I haven't been able to figure that out yet but anyway it is approximately two where you had one before and therefore you have to pay twice the original lease rent, and so on. It is a mere bagatelle so far as operation is concerned, but if you have two leases adjoining, owned by two different people, and the owner of the seam outcropping in his lease can operate down to the boundary of his lease, the logical thing to do is to continue through that operation, to the economic distance of that slope, that is the economic mining distance. Well, what I am trying to argue is that, I use the phrase that it should be mandatory that the owner of the top lease, so to speak, should be able without a lot of argument to obtain permission from the Mines Department to continue into the adjoining lease on that seam. Now that, I conceive, does not take away to any large extent from the value of the lease to its owner.

Q You mean that he should be allowed to go into the seam on the other lease without having to obtain a sub-lease from the lessee from the Crown?

A Well, I wouldn't perhaps go quite to that extent. I think perhaps the owner of the lease should have some recompense as the owner of it, but not to the extent of 25 or 12½ or 15 cents, which has been in vogue.

BY THE CHAIRMAN: You wouldn't make a specification between

whether a man is an operator or not?

BY MR. FRAWLEY: If he wasn't an operator, if he just was holding the lease, what would you say about it?

A That situation is protected by the present Mines Act. If he is not operating he has got to give up his lease.

BY THE CHAIRMAN: The trouble is it is ineffective.

A They have that whip hand and they can use it whenever they feel like it. For instance, any company--take the Joggins Coal Company, if you like; at the present time it owns 18 leases, that is 18 square miles. Well, it is not to be inferred that they are operating a mine on every lease, but if they are carrying out a legitimate operation in that district they are carrying out the intent of the Act.

BY MR. FRAWLEY: But if they are not operating at all and holding lease areas they are subject to forfeiture?

A Subject to forfeiture.

BY THE CHAIRMAN: Of course this word operating, suppose you get five or six men to dig up some ground and put it on the surface, that constitutes operating a mine in some cases. I know an example down in Mabou, where they are not only not operating but they have torn up the tracks of the old Mabou Company, and they are still retaining their lease.

BY MR. FRAWLEY: They are within the statute.

A Not properly enforced.

Q Apart from that, what do you think about the ability of this marginal industry--it can probably be described as a marginal industry at the moment, can it not?

A You mean the coal industry?

Q The coal industry in this district?

A Oh yes, I would have to say it was marginal.

Q Then that being so, isn't it rather a burden for an operator to have to pay 25 cents a ton royalty? It doesn't matter in his profit and loss statement to whom it is going. Isn't that pretty heavy burden down here?

A I think so.

Q When you think of the head lease, the Crown royalty in the province of Alberta being 5 cents a ton, 25 cents is pretty stiff royalty, is it not?

A Yes.

BY THE CHAIRMAN: Don't get things mixed up. Your 5 cent royalty in Alberta is met by $12\frac{1}{2}$ cents here.

BY MR. FRAWLEY: $12\frac{1}{2}$ cents to the Crown and another $12\frac{1}{2}$ cents he has to pay to somebody else. Take the case of a man paying $12\frac{1}{2}$ cents to the Crown and $12\frac{1}{2}$ cents to a head lessor, have you anything at all to say on this rather important question of the burden of royalty, when you seem to have so much subleasing carrying an additional royalty of $12\frac{1}{2}$ cents? I am saying that out in the Province of Alberta over-riding royalties has been thought by very able people to have retarded the oil industry. Now what do you say about it?

A Would it be in order for me to ask what royalty is considered in Alberta?

Q In oil, you mean, or in coal?

A In coal.

Q The Crown royalty is 5 cents. What the intervening royalties are I am not so familiar with. Perhaps Mr. Morrison ---

BY COMMISSIONER MORRISON: I know of some that are 10.

BY MR. FRAWLEY: We will get that on the record by people who can swear to it.

A In answer to your question, Mr. Frawley, there is an old saying that I have heard, that when you are in Rome, do as Rome does, and the custom has been built up in this province to charge a fairly stiff royalty from one lessee or sublessee to another, and no one can be blamed in a general business way for receiving the benefits of that custom, but having said that I think that the present royalty basis or sub-royalty basis is higher than is justifiable.

Q You see the importance of it to me is that if this industry were healthy and vigorous I don't think it would be anybody's business, but I think it would be fair enough to say that if

the coal industry in Nova Scotia is not sick, at least it is not feeling very well.

A I agree with that.

Q And that is what perhaps makes this question of royalty grossing 25 cents a ton important.

A Of course the provincial royalty is simply a tax.

Q A tax?

A Well, that is what it amounts to.

BY COMMISSIONER MORRISON: Don't you think it is too much?

A I have argued that, sir.

Q You wouldn't argue it if you didn't believe it, I am sure, Mr. Avaré.

BY THE CHAIRMAN: Of course when you say it is for raising taxes, it is a rental for something that they own.

BY COMMISSIONER MORRISON: There comes a place where a high tax shows diminishing returns?

A Yes.

BY THE CHAIRMAN: I don't see how you can call this a tax.

A Well, that may be a misnomer.

Q It is like you getting rentals from your house. You own the house and you turn the rentals in to operating the house. But I agree with you, and this is for the record, that the present Crown royalties in the Province of Nova Scotia are too high; they are too much of a burden on the industry.

BY HOWARD TATTRIE: I would like to clear up in my own mind, he spoke about the mining laws of the Province compelling them to cancel their lease if they weren't operating. I would like to know why we are paying 15 cents to the Victoria people when they are not operating at the Standard? They are still retaining the lease and they are not operating.

A But the lease is being operated. I think that covers the situation so far as they are concerned.

Q That is the point I wanted to understand, if that is the point you were looking for.

A I wasn't looking for that.

Q I can own half-a-dozen leases and get someone to operate them and hold the leases?

A And you would be fulfilling your operation.

BY COMMISSIONER MORRISON: You heard what Dr. Cochrane said about a statute or an order-in-council which standardized this sub-leasing? You heard his evidence?

A Yes sir.

Q Do you know anything about that?

A Yes, I know something about it.

Q Suppose you tell us?

A Well, my impression has been that the Mines Department, in some part of the mining law or in the terms of the lease there is a provision that a sublease cannot be made without the approval of the Mines Department, and now the Mines Department before they will approve of a sublease have superimposed this new idea of reducing or limiting the amount of royalty which was to be paid.

BY COMMISSIONER MORRISON: To $12\frac{1}{2}$ cents?

A Yes, that is the maximum. It is not necessarily $12\frac{1}{2}$ cents. They may tomorrow take the notion to make it 5 cents.

BY THE CHAIRMAN: I don't think that amount of the lease is any part of the legislation of the Province.

A No, that is in the judgment of the Mines Department. They can approve or not as they like, according to the legislation, so they say that now before we will approve of a sublease there must be a limit on the royalty to be paid.

BY COMMISSIONER MORRISON: Did they approve of this lease that you have with Victoria Coal Company, 15 cents?

A Yes, they did.

BY MR. FRAWLEY: Did they promulgate any kind of legislation that contained that provision, that we will not approve a lease if it is more than $12\frac{1}{2}$ cents?

BY THE CHAIRMAN: The reason is absolutely apparent. Because the Mines Department of the Province of Nova Scotia is only receiving $12\frac{1}{2}$ cents, surely they are not going to allow it to

be sublet for more than that.

BY MR. FRAWLEY: Yes, I quite agree with their judgment in that respect.

A It is really an interpretation of the statute.

BY MR. FRAWLEY: Now there are some Municipal submissions, but I think I will call Mr. McCall.

T. L. McCALL. Examined by Mr. Frawley.

Q You are here today to make a submission on behalf of the Cumberland Railway and Coal Company's operation at Springhill?

A Yes.

Q And you have an exhibit which will be Exhibit No. 64?

A In which I endeavor to give a word picture of our operations at Springhill.

Exhibit 64 - Memorandum on Operations of the
Cumberland Railway and Coal
Company at Springhill

BY COMMISSIONER McLAURIN: I suppose this is in the brief, but the Dominion Coal Company operates through a subsidiary, the Cumberland, at Springhill?

A Yes, the Dominion Coal Company controls it.

Q The local entity at Springhill is Cumberland?

A Yes.

MR. McCALL proceeds to read Exhibit 64:

The occurrence of coal at Springhill has been known for well over a hundred years, and when the General Mining Association was formed in 1825, the mineral areas at Springhill were included in the general lease given to that Company. It was not, however, until the year 1870 when rail transportation became available that mining was begun on a regular scale.

The Cumberland Railway and Coal Company, which now operates these areas, holds a group of 142 leases from the Province of Nova Scotia.

The Company owns and operates a railway running from Springhill Junction on the main line of the Canadian National Railways through Springhill to Parrsboro, a total distance of 32

miles. The town of Springhill is five miles distant from Springhill Junction.

The town of Parrsboro is situated on the shores of the Minas Basin, and a Company owned shipping pier at Parrsboror provides an outlet to shipping ports on the Bay of Fundy.

Attached to this memorandum is a plan showing the locations of the mines past and present at Springhill.

Reading from left to right on the plan the first opening is the Aberdeen slope, which is closed, and then you come to No. 6 slope, which is closed, and No. 7 slope, which is closed. The Aberdeen slope was working No. 2 seam and No. 6 was working No. 6 seam, and No. 7 was working 7 seam. Then coming across you have No. 1 slope, which operated No. 1 seam formerly. That is this seam that is not legible running up to the station. That is No. 1 slope. And then you have No. 3 slope which worked No. 3 seam; that is closed. No. 2 slope, which is situated directly under No. 3 slope, is operating and so is No. 4 slope, which as you will see is operating No. 7 seam, and the Syndicate slope which has been closed many years ago, an outcrop of No. 2 seam. (Continues brief):

The Springhill coal basin forms a syncline plunging westward from the town of Springhill at an angle of 32 degrees at the outcrop. The angle of inclination flattens to the dip, as will be seen on the profile attached to this brief, this profile being drawn on the line of the main slope of No. 2 mine.

That plan is a little bit unwieldy in size, but it gives a graphic representation of how the seams lie at Springhill.

BY COMMISSIONER MORRISON: That is the second plan?

A The second plan, yes. It is a profile on which we show the surface and then we show the seams dipping about 32 degrees at the crop. We will follow No. 2 seam, which is the main one, 30 to 32 degrees up there and then down near the bottom the seams begins to flatten, till at the face of the main slope it has flattened down to 12 degrees, and the vertical cover at that point is 3,821 feet.

BY COMMISSIONER McLaurin: 4,000 feet is the maximum?

A Well, you will see in the brief. (Continues brief):

At the face of the main slope distant 11,400 feet from the surface, the angle of inclination has flattened to some $12\frac{1}{2}$ degrees, the vertical depth of cover at this point being 3,821 feet.

The field is limited to a productive width of about two miles measured along the outcrop of the seams. The seams on either side beyond the above distance degenerate into bands of stone and coal closely spaced, the entrapped coal being of inferior quality.

To the north and the south of the main slope, there are areas near the crop in which the seams pitch at angles up to 60 degrees.

The five workable seams are shown on the profile, these seams being, in their descending order:

No. 3 Seam A 10 foot seam splitting into two leaves, each approximately 4'-6" in height.

Strata 280 feet.

No. 1 Seam A 10 foot seam splitting into two leaves, each approximately 4 feet in height.

Strata 70 feet.

No. 2 Seam 9 feet in height. (No. 2 has been the main standby of the field).

Strata 650-700 feet.

No. 7 Seam 4'-6" in height.

Strata 90 feet.

No. 6 Seam 5'-6" in height.

The seams got numbered by the order in which they were opened in the course of history and these numbers have stuck to them, though they are not in sequence.

The field is not heavily faulted, but a serious ground movement has crumpled or thrust-faulted the measures at a point some little distance from the surface, as may be seen from the profile. It is below this crumpling that the inclination

begins to flatten.

All of the above seams have been mined at one time or another, and all workings either present or future in the above seams will lie below the thrust-fault. In other words, we have worked out the seams down to this thrust-fault.

Bumps

The coal field is subject to bumps, a term used to describe the phenomenon that, under certain physical conditions, accompanies an instantaneous readjustment of stresses accumulated in the strata or coal seam during the process of mining. The sudden release or readjustment of stresses is accompanied by earth tremors that are very frequently felt on the surface in the district surrounding the mines.

When these bumps are the result of a readjustment of stresses in the coal seam itself, quantities of coal may be instantaneously discharged from the seam in the area affected. Bumps do not usually cause failure of roof other than shaking down any loose rock.

Bumps that appear to occur from a readjustment of rock stresses but do not cause any damage to the workings are known as "waste bumps", the focal point being probably in the rocks in the roof, well above the coal seam.

The physical conditions instrumental in causing bumps are considered by the writer to be, necessary depth of cover accompanied by relatively strong strata above and below a seam, with the added feature of inflexibility of some of the strata. Under such conditions removal of the seam by mining accumulates the load of overlying strata on the seam in advance of the workings. With deep cover this load gradually increases until the seam is overloaded and suddenly explodes. This instantaneous removal of support to overlying strata permits a sudden downward movement of the roof, with the roof, however, springing back more or less to its original position. At the same time there is an upward thrust of the pavement and it is this sudden movement

of roof and pavement that causes the earth tremors.

Bumps began to occur under a vertical depth of cover of 1800 feet, and these bumps take place without there being any warning of what is going to happen.

Where the rocks overlying or underlying a seam are relatively flexible, bumps do not take place, but it would seem that where a particular type of sandstone begins to replace the overlying shales, the bumps begin to occur.

In the year 1925 Mr. George S. Rice, who was at that time Chief Mining Engineer of the U. S. Bureau of Mines, inspected the workings in No. 2 Mine.

I might say--I didn't put this in--that he was asked to come here by the Department of Mines to assist us in this problem.

BY COMMISSIONER MORRISON: The Provincial Department?

MR. McCALL: The Provincial Department of Mines, yes.

(Continues brief): He recommended a system of longwall re-treating to take the place of the room and pillar method then being used, in the hope that this would reduce the number and severity of the bumps.

This change in method was accompanied by a certain amount of success, the main feature being that although it did not do away with the bumps, it reduced the number of the bumps, causing these to take place with greater severity, at points, however, remote from where the greatest number of men were usually employed.

Eventually, a continuation of these bumps compelled the abandonment of those sections prone to severe bumps, and mining was then confined to the areas where the more flexible surrounding rocks permitted the safe extraction of the seam.

I would like to say that when we were going through the worst of those bumps the men and officials at Springhill stood up to them in a wonderful manner. It is a very unpleasant thing to have to work in a mine that is liable to them, and every credit and praise is due for the way they carried on through those very

trying periods. (Continues brief):

Mines

There are three mines operating at present, these being known as No. 1, No. 2 and No. 4 Mines.

No. 1 Mine

This mine works No. 1 Seam, access to this seam being by tunnels connecting to No. 2 slope, as will be seen by consulting the profile. All the coal mined in No. 1 Seam is therefore hoisted up No. 2 slope.

Where these tunnels intersect No. 1 Seam, the seam is split into two leaves but at a distance of some 2500 feet south from the line of No. 2 slope these two leaves come together again, forming a seam 9 feet in thickness, but at this point the bottom leaf is so full of impurities that all extraction hitherto has been confined to the 4 feet of coal next to the roof. To the north of the line of No. 2 Main slope the seam remains split, the distance between the upper and bottom leaves being some 40 feet, and at a distance of 4000 feet north of the line of No. 2 main slope intrusion of stone renders this seam unworkable.

No. 2 Mine

This mine works No. 2 Seam, which is 9 feet in thickness and has been steadily operated since the year 1873. The seam is recovered by working longwall retreating, the full height of the seam being extracted. The recoverable coal to the north of the main slope extends for a distance of 5000 feet, at which point a rapid change takes place in the seam caused by the intrusion of bands of stone.

To the south of the main slope the seam has been proved for a distance of some 5000 feet, where a change in the nature of the seam takes place similar to that on the north side. An attempt was made to work this south side when the longwall retreating system was begun, but this area was so prone to bump that the attempt was finally given up. Subsequently roof tests by boring indicated the possibility of working some of the south side in

the advance workings, but after driving the narrow work it was found that the ground was still too subject to bump to permit of working.

No. 4 Mine

The entering slope of this mine is a rock tunnel connecting to No. 6 and 7 seams, but in the meantime No. 7 seam alone has been worked, though tunnels are now in the process of being driven, as will be seen on the profile, to tap No. 6 seam, the underlying seam.

This opening was made to replace two small mines that had operated Nos. 6 and 7 seams to the north of No. 2 slope, thereby centering all operations at No. 2 mine instead of spreading it over three establishments.

All working is now carried on below the line of the thrust-fault, the seam above this point having been worked on the north side as far as former workings permitted, and on the south side to a point where the seam had become a mixture of stone and coal.

Below the thrust-fault No. 7 seam on the north side has been worked for a distance of 5,000 feet, at which point the seam began to show distinct signs of deterioration. The seam lying to the south of the slope is of inferior quality. And again it is bands of stone that are interfering with the operations there.

Recently there were a number of serious bumps in this mine, which has temporarily interfered with production.

Bankhead

The output of coal from Nos. 2 and 4 slopes is landed on a bankhead common to the two operations.

The bankhead and screening arrangements are of modern construction, having been built in the year 1936. I should add that they were designed for us and the installation was supervised by Messrs. Allan and Gassier, who are very prominent engineers in Chicago and very well versed in this type of work.

The following sizes of coal are made:

Lump, over 4" diameter screen opening

Egg, through 4" " " " and over $2\frac{3}{4}$ " diam. opening

Nut, through $2\frac{3}{4}$ " " " " " " 1" " "

Stoker slack, through 1" and over $\frac{1}{4}$ " screen opening

Fines,
, through $\frac{1}{4}$ " diameter screen opening

Means are provided for re-mixing the above sizes as desired.

The lump size of coal is hand picked to remove stone, etc., and the egg and nut sizes are wet washed in a Vissac jig to remove foreign impurities.

Perhaps I might add here, sir, that we are now planning to wash our stoker slack and instal an oil-treating plant for that coal. When I can get a little money to do so that is going right in. (Continues brief):

Motive Power

The main pumps, fans and auxiliary hoists in these mines are operated electrically, while the surface hoists and air compressors are steam driven; all level haulages in the mines and face equipment are operated by compressed air.

Electricity is purchased from the Canada Electric Company, who have a generating station at Maccan.

Annual Capacity

Under normal conditions, the productive capacity of these mines is 650,000 tons per annum, though pre-war the average annual output for the mines was 490,000 tons, the demand in winter being brisk, but falling off in the summer months.

The supplementing of summer work by water shipments to St. Lawrence ports is the subject of a separate brief, which I would ask Mr. Paul, the resident superintendent, to give you later.

Force

The average daily force for last year was:

Surface	191
Underground	777
Mining	<u>389</u>
Total	1357

Coal Reserves

A considerable amount of prospecting has been done in the Springhill district, but the results have been mainly negative, confining the reserves of coal to the areas in advance of the present and past operations. One has some hesitancy in giving very definite figures of coal reserves, one reason being that the workings in No. 2 seam are very closely approaching what is usually set as the ultimate limit in depth of coal mining, i.e., 4000 feet of cover. However, the physical conditions in this mine are unique and in all probability it will be possible to continue extracting the coal beyond the 4000 foot cover line, but the actual depth of cover under which coal can continue to be mined, is something that can only be determined by actual trial.

Again another limiting feature is the possibility of running into areas subject to bumps, and which consequently may be unmineable as has already happened in No. 2 Mine.

However, after giving all these matters proper consideration, it is estimated that the known reserves total some 17,400,000 gross tons, which at an annual output of 650,000 would serve for another 25 years.

Office of the General Manager,
Sydney, N. S., February 9, 1945.

BY MR. FRAWLEY: That 4,000 feet of cover is just something that is considered in good mining practice as the limit?
A It was fixed as an arbitrary line in order to arrive at estimates of coal.

Q It is not fixed by the Department of Mines?

A No. It was given very careful consideration by a Royal Commission on Coal in England at the beginning of the century and they, in order to be able to arrive at some definite

figure, assumed that 4,000 feet would be the limit to which mining could be successfully carried on.

Q There have been exceptions, I suppose? Do you know of any?

A I don't know of any deeper operations than the one we are doing, except possibly where they have gone under some mountain in the Rockies.

Q How close are you to it now?

A We are 179 feet from it, but it is clearly evident from the conditions there, as I stated, this mine is unique. I don't think there is any other mine in the world just like it. We can go considerably deeper than that and furthermore the angle of incline having flattened at the face we are not gaining cover so rapidly as we were when the incline was steeper.

Q Because if you had to stop at 4,000 feet you would not have 25 years production?

A No.

BY COMMISSIONER McLAURIN: You are the only operators at Springhill?

A At Springhill, yes.

BY MR. FRAWLEY: Do you make any use of the railway there to Parrsboro?

A Yes, we run a daily train down to Parrsboro.

Q Coal or ---?

A Passenger train; mixed freight it is really.

Q I was thinking from the standpoint of your coal operations?

A When we have coal to ship down there, we do ship some by rail; that is the way it goes down.

Q Do you use any port facilities at Parrsboro?

A Yes, we have a shipping wharf there.

Q And does coal go from there in any quantity by water?

A No, not nowadays. It is a very small tonnage now.

Q Mr. Paul is going to deal with other matters along that line?

A Yes.

E. B. PAUL. Examined by Mr. Frawley.

Q What are you, Mr. Paul?

A I am the resident superintendent of the Dominion Coal Company conducting the Cumberland operations.

Q Have you anything to do with the railway operation?

A The operation of the railway is supervised by the traffic department of the Dominion Coal Company and I am in effect the agent of the Company there. That is we have in the operation of the railway a railway superintendent but in general effect I supervise his conduct of the operation.

Q Where are the freight bills paid, into your office at Springhill?

A They are paid to the railway and our general office pays the wages of the railway employees and transacts the business.

Q But the coal business is kept quite separate from the railway?

A Oh yes.

Q You know, I mean, how much you are making or losing on the coal operation?

A Yes, but as I told you, the railway is operated by the traffic department.

Q Of Dominion Steel and Coal?

A Yes, in the same manner as the Sydney and Louisburg. This brief, Mr. Commissioner, deals with the shipping of coal to St. Lawrence ports by the Cumberland Railway and Coal Company.

Exhibit 65 - Shipping Coal to St. Lawrence Ports
by The Cumberland Railway and Coal
Company.

MR. PAUL proceeds to read Exhibit 65:

The market for Springhill coal is a domestic and railway demand and while it is a relatively stable market, because of the situation of the mines on the main line of the Canadian National Railways in the centre of a territory with a consistent consumption, the market, apart from the war period, has been seasonable, that is, the demand is greater in winter than

in summer, both for domestic and railway service.

I might mention there that in confining the discussion here to domestic and railway market, that that is the fluctuating part of our market. Industrial coal, of which we sell a large quantity, doesn't fluctuate with the seasons and has no bearing on this discussion. (Continues brief):

It is estimated, judging by pre-war experience, that an outlet for 100,000 to 120,000 tons of coal will have to be found to keep the mines in steady operation during the slack season, May to October.

Following a slackening of the war demand for coal, a market for this additional summer coal will have to be found outside of the former sales territory.

BY COMMISSIONER MORRISON: What do you mean by that?

A The territory enjoyed previous to the war.

Q Did you send coal to Central Canada?

A A very, very small quantity to Quebec. (Continues brief): and to reach this market, the company plans to establish proper facilities for loading ships at Pugwash, a port on the Northumberland Strait and distant some 33 miles from Springhill. This port is now mainly used for shipping lumber, but suitable provisions can be made for berthing ships up to some 5000 tons capacity and loading them with coal. This tonnage will work in very well with the daily output of the Springhill mines. These same facilities would permit ships calling at Pugwash to replenish their bunkers.

The port of Pugwash is connected to the Canadian National Railway branch line, locally known as the "Short Line", and provides a suitable outlet for the delivery of water-borne shipments of coal to St. Lawrence ports.

The enlarged market resulting from water shipments would assist the Company in the better disposal of coals of standard sizes during the summer months, for the reason that a demand for one particular size of coal necessarily creates other sizes

for which there may be no immediate sale. This factor tends to limit full utilization of the grading facilities available at the Springhill mines.

Office of Resident Superintendent
Cumberland Railway and Coal Company
Springhill.
February 10th, 1945.

BY COMMISSIONER McLAURIN: Shipping from Pugwash you would contemplate preparation of the product at Springhill for the St. Lawrence market?

A Of course I might qualify the plans there. You understand that all plans are contingent on the ability to get the money and of course the maintenance of our mining capacity in the mine is the prior consideration and it depends on whether or not we can afford to do that, but that is the Company's intention and the plans are prepared for the construction of that work. This coal might be shipped in run-of-mine form and prepared in St. Lawrence ports. It might be the result of a surplus condition. You know we have perhaps the best grading facilities of any colliery in Eastern Canada but at times it is embarrassing. You may have orders for a large amount of fines, and to make those fines you have to process lump coal. You may not have any sale in your territory for that lump coal. Well, you are forced then to dispose of that coal as a replacement for a cheaper coal. That is somebody might have an order for run-of-mine and you have to give them lump coal.

BY COMMISSIONER MORRISON: Couldn't you store the lump coal?

A We haven't any storage facilities, and then it breaks. Of course it is not a limiting factor but this ability to ship to larger markets would permit better handling of our facilities.

BY THE CHAIRMAN: You have no washing plant up there?

A Oh yes, we have a washing plant.

BY COMMISSIONER McLAURIN: Not up the St. Lawrence?

A Oh no. We wash our two sizes.

BY THE CHAIRMAN: Can you tell me what the distance is from Springhill to Pugwash?

A 33 miles.

Q And that is entirely Canadian National Railways?

A Except of course over our own $4\frac{1}{2}$ miles.

Q Where is it?

A Between Springhill and Springhill Junction.

Q And the balance is over the C.N.R. to Pugwash? Did you not have at Pugwash years ago, perhaps before your time as superintendent, a shipping pier?

A No. We have property there and at one time there was a railway built to Oxford, which of course is a terminal of the Short Line, but it was never utilized. That is before Dominion Coal Company entered into the picture.

Q Where is that property?

A We own the right-of-way at present but the bridges were wooden bridges and everything else has deteriorated.

Q And it terminated where?

A At Oxford, and of course from Oxford the Short Line goes to Pugwash or Wallace.

Q Talking about the Short Line, that is C.N.R. also?

A That is C.N.R., from Oxford Junction to Pictou.

BY COMMISSIONER MORRISON: What is the cost of transporting coal from the mines to Pugwash?

A In car lots, 80 cents a ton, but of course that is a matter that would be dealt with by our traffic department, but that is not the basis of large shipments.

Q How much of that 80 cents goes to the Canadian National Railways and how much to Cumberland Railway?

A Well, I think that is all C.N.R. but I will get that information for you.

Q Don't you charge yourselves anything? You don't operate those $4\frac{1}{2}$ miles for nothing?

A I will get that information for you.

BY MR. FRAWLEY: Where would you plan to send this coal that you would take to Pugwash and ship by water?

A To the St. Lawrence ports. You know, I have heard a great deal about coal in attending this Commission, but coal is just like cloth and when you use the term "coal" you mean the same general purpose term as "cloth". There is just as much difference between different types of coal as between different types of cloth, even though the analysis may be the same. Our coal is a particularly good steaming coal. It is friable. It is a good express coal and we anticipate, although this is a matter for the sales department, a market for railway coal.

BY COMMISSIONER MORRISON: Low or high volatile?

A It is high volatile and it is a good steaming coal. It is recognized as an express coal, but of course the fines, or whatever they may be separated into, will go into their particular trade.

Q You want your coal zoned a little bit too, then?

A If I can produce good coal I am not interested much in zoning.

Q Now make up your mind which it is going to be. You just told us you thought this coal was particularly adapted for railway purposes?

A I understood your reference to zoning had particular reference to what was discussed here this morning. I expect the customer will do a lot of zoning in this country.

BY MR. FRAWLEY: You think your product is that much better than Mr. Avard's and Dr. Cochrane's that you think you have the edge on them?

A I think so, yes.

BY THE CHAIRMAN: Your real purpose in trying to get this St. Lawrence market is to alleviate certain conditions there in the summer?

A Slackness of work in the summer.

BY COMMISSIONER MORRISON: And to cut down your cost of production?

A Why, certainly. That is the way we make our money to pay our bills and our wages.

BY MR. FRAWLEY: You want to get out to Pugwash so you can keep your operation up and make it more evenly distributed over the whole year, but during the season when navigation is closed then all of your coal will move by rail into the Maritimes only?

A Our history, and that is all we can be guided by, is that during the period from the 1st of October until the following May we experience a market which we rarely can fill. We don't anticipate any difficulties.

Q Now that market from October till May is largely to be found where?

A In New Brunswick, Prince Edward Island and the northern portion of Quebec. It is limited by--I should not be talking as we have our sales representative here and he could give you more reliable information on that, but it is limited by the advantage we enjoy by being established on the Canadian National line, nearer to our customers in New Brunswick and northern Quebec than any other large operation.

Q Does much of your coal go into Nova Scotia proper, Western Nova Scotia and Halifax?

A Not as a rule; perhaps more now than in normal times.

Q Well, now of course it is directed by Coal Control but normally you sell a lot in New Brunswick and northern Quebec?

A Yes, and a very small amount in the State of Maine.

Q About how much would you dispose of to the railways over all?

A I would rather you would ask our sales agent. About 120,000, hardly a quarter of our output.

Q And that is the Canadian National?

A Of course they are our biggest single customer.

Q Do you look to increase that railway coal sale?

A No, I don't. Not in normal times, no, I would say it would tend to decrease because it is a very seasonable trade. At present the C.N.R. are banking considerable coal but in normal times they don't bank as extensively as they are now.

Q You have never shipped any coal under railway subventions?

A Oh yes.

Q You get beyond the barrier?

A Oh yes, we have, in case of emergency.

Q In 1939?

A Oh yes, we did. We shipped some during the slack season; not a relatively large amount, but some.

Q That is coal that you would be shipping from Pugwash to Montreal that would be for inland furtherance, I suppose?

A Well now, I ---

Q I mean it would be for Ontario and then it would have to obtain a subvention?

A Well, it may. That is a question I can't deal with.

Q How about subsidy? Are you getting any subsidy from the Emergency Coal Production Board?

A There again I am a production man. I don't deal with those things. My job is to get the coal as cheap as I can get it.

BY THE CHAIRMAN: I think it is only fair to say that there was a complaint came to Mr. Frawley and myself when we were down here before that your sales department were not very clever; they lost the coal sales that they used to make to the boats running across to Prince Edward Island.

A You mean the Government ferry?

Q Yes.

A Well, the only thing I can tell you about that, sir, is this: our sales department may not be more clever and more powerful than any other agency in Nova Scotia, but about every agency of power in Nova Scotia that could be induced to interest themselves in getting that boat fitted for Springhill coal was brought.

Q Was that the beginning of oil over there, that new boat?

A Oh, I would not say it is the beginning. That history runs back for some years.

Q The complaint is that you allowed the Imperial Oil--I have nothing against them--to get ahead of you in the first instance, and you had a splendid steam coal, everybody recognizes that, and here is the Government railway, the coal is owned by the Province here in the long run, and it should not be a hard task to at least compete with the Imperial Oil in these boats. I am just bringing that to your attention.

A I think you can rest assured that so far as our sales department is concerned--the serving of boats between the Island and the mainland is in the realm not of sales but of statesmanship.

BY THE CHAIRMAN: Oh no. I took up this question with certain people that you would expect would know something at least about the situation and I still feel that there is real ground for some complaint. Perhaps it is due to some other causes;; I don't know. I was told it amounted to 140,000 tons a year.

A That of course is very much exaggerated. I would say 20,000 perhaps. If the whole thing is converted to coal something more than 20,000 tons.

Q I thought it was fair to bring that to your attention publicly.

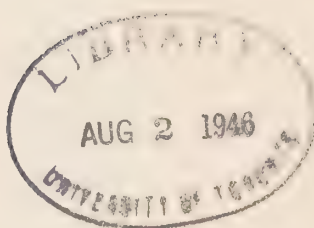
4.05 P.M. - COMMISSION ADJOURNED

ROYAL COMMISSION ON COAL

Amherst, N. S., Tuesday, February 13th, 1945.
Saint John, N. B., Thursday, February 15, 1945.
VOLUME XVI

WITNESSES

	Pages
N. S. Sanford	1226 - 1235
A. J. Mason	1235 - 1267
Herbert A. Hold	1267 - 1269
E. C. McDade	1269 - 1277
H. N. Soley	1277 - 1285
N. T. Avard	1285 - 1287
T. L. McCall	1287 - 1290



LIST OF EXHIBITS

No. 66 - Acadia Coal Co. Ltd. Tons per man production, Year 1944.....	Page	1220
No. 67 - Standard Coal Co. Ltd. Output per man-day, Year 1944.....	"	1222
No. 68 - Letter from T. S. McLanders, Gen. Mgr. Coal Sales, Dominion Coal Co. to J. J. Frawley, K.C. dated Feb. 7/45.....	"	1223
No. 69 - Submission by Municipalities of the County of Cumberland...	"	1226
No. 70 - Copy of sub-lease between N. S. Steel & Coal Co. and Bras d'Or Coal Co. Ltd. 1942.....	"	1287
No. 71 - Letter from T. L. McCall, Gen. Mgr. Dominion Coal Co. to J. J. Frawley K.C. and accompanying statement.....	"	1288
No. 72 - Ago Groupings of Employees, Dom. Coal Co., Cape Breton Collieries "		1289

AMHERST, N. S., TUESDAY, FEBRUARY 13th, 1945.

The Commission re-convened at the Court House, Amherst, at 10:00 o'clock A.M.

BY MR. FRAWLEY - Mr. Chairman, before proceeding with any further evidence this morning, I want to file an Exhibit which was given to me in New Glasgow by Mr. Gordon, on behalf of Acadia Coal Company, Ltd. It shows the tons per man production for Acadia for 1944; the overall production is 1.03 tons per man; the total surface labor 4.86 tons per man; total underground labor 2.77 tons per man; total mining labor 5.04 tons per man; and then Mr. Gordon has made a separate calculation showing total productive labor 5.72 tons per man, that being hand mining, machine mining and longwall mining. It occurs to me that that is a rather useful classification, and I have asked Mr. McCall of the Dominion Coal Company to send me similar statistics for the Old Sydney and Dominion Companies.

EXHIBIT NO. 66 - Acadia Coal Co. Ltd.,
Tons per man production - 1944.

ACADIA COAL COMPANY LIMITEDTONS PER MAN PRODUCTIONYear - 1944.MINING CLASSIFICATIONSTons Per ManSURFACE LABOR

Foremen & Clerks
Screening and Loading
Enginemen
Firemen
Mechanics
Carpenters and Masons
Other Surface Labor

TOTAL SURFACE LABOR

4.86

UNDERGROUND LABOR

Overmen and Examiners
Horse Haulage
Mechanical Haulage
Ventilation
Roadmakers
Timbermen
Brushers
Stone Dusting
Pumpmen
Pipemen and Mine Mechanics
Material Men
Laborers
Pan Movers
Fire Stoppings

TOTAL UNDERGROUND LABOR

2.77

MINING LABOR

Hand Mining
Machine Mining
Longwall Mining
Brushing and Packing
Chook Building and Drawing

TOTAL MINING LABOR

5.04

TOTAL LABOR

1.03

PRODUCTIVE MINING LABOR

Hand Mining
Machine Mining
Longwall Mining

TOTAL PRODUCTIVE LABOR

5.72

S.

-1222-

BY MR. WADE - There are one or two questions I would like to ask to get clear about those classifications.

BY MR. FRAWLEY - When you get the Exhibit, if you would be good enough to write me, I will get in touch with Mr. Gordon. I don't think there is any other way.

BY MR. FRAWLEY - Mr. Avard has handed me something similar for the Standard Company. He has broken it down per month for 1944. It averages out for the whole year at 2.17 tons per man. I take it Mr. Avard that that is the overall figure.

BY MR. AVARD - Yes.

BY MR. FRAWLEY - I will file that document as Exhibit No. 67.

EXHIBIT NO. 67 - Standard Coal Co. Ltd.
Output per man-day for the year 1944.

STANDARD COAL COMPANY LIMITEDOUTPUT PER MAN-DAY FOR THE YEAR 1944

January, 1944	2.58 Net Tons
February	2.35
March	2.49
April	2.39
May	2.18
June	2.16
July	1.94
August	1.53
September	1.97
October	1.88
November	2.17
December	<u>2.11</u>
	2.17

BY MR. FRAWLEY - Then I received last evening from Mr. McLanders, a letter in reply to something he was asked by the Chairman at the Sydney Sittings. I think this should go on the record, and I will mark it Exhibit No. 68.

EXHIBIT NO. 68 - Letter from T. S. McLanders,
General Manager Coal Sales,
Dominion Coal Co. Ltd. to
J. J. Frawley, K.C., dated
February 7th, 1945.

DOMINION COAL COMPANY, LIMITED

Montreal, February 7, 1945.

Mr. J. J. Frawley, K.C.,
Chief Counsel,
Royal Commission on Coal,
No. 3 Temporary Building,
Ottawa, Ont.

Dear Mr. Frawley:

During Hearings of the Royal Commission at Sydney the Chairman asked what had been the effect on coal sales of the increase in duty from 50¢ to 75¢ in 1931 (see page 125 of transcript).

In analyzing this problem it is rather difficult to give a correct picture expressed in tons of the noteffect of the increase in duty for the reason that at that time trade was in a depressed state all over the World; there were no minimum Code prices in effect in the United States so that suppliers of coal in that country were able to revise their prices downward to meet competitive conditions.

There can be no doubt, however, that the increase in duty was helpful, particularly in the eastern part of the territory, but it was not as effective as it would have been had coal prices in the United States been on a fixed level such as were established in 1940 under the National Bituminous Coal Act; in other words, the increase in duty could be nullified in part or whole by the producer simply dropping his price, and as prices were fluctuating so violently at that time and coal was being sold at such ridiculously low levels the exporter in the United States could not be said to be dumping his coal in Canada as there would be plenty of instances where the coal was sold as low or at a lower level in the United States than that at which it was offered in Canada, hence the price to the Canadian could be certified as being a fair market value price.

It is to be hoped the minimum Codo prices will soon again be established in the United States because I know of nothing which would have such a stab lizing influence on the market both in the U. S. A. and in Canada.

With kind regards,

Yours very truly,

T. S. McLanders
General Manager Coal Sales

TSM/

BY MR. FRAWLEY - We will now proceed to receive the submissions of certain Municipalities of the County of Cumberland and the first one is from the Town of Amherst and is to be presented by Mr. Sanford. Each town will have someone to present their own submission.

EXHIBIT NO. 69

MR. N. S. SANFORD - Before I begin the reading of my brief, I have been asked by the Municipal Clerk of Cumberland to express regret that the Municipality does not have a brief of its own on account of sickness among the members, and snow storms which prevented them getting together, and other obstacles. One was prepared a number of years ago and the general lines were on the same lines as I am submitting for the Town of Amherst and the Board of Trade.

I wish it to be understood that we do not pretend to be experts in the coal mining business, and it is simply to express a unity of interests on the part of the people of Cumberland. I think your Chairman expressed the wish when he was here earlier that as many as possible should be interested in this inquiry, so we spread the word around, and it was necessary for us as the shire town of Cumberland to say something. From the general calibre of the citizenship of this town we could not do anything less. The town of Amherst has turned out many prominent men including some of the Fathers of Confederation, the late Norman McL. Rogers, Colonel Ralston, Ned Rhodes and Percy Black, and Chief Justice Townshend of the Supreme Court, and another Justice of the Supreme Court, Judge T. S. Rogers, and Mr. Justice Stewart Jenks, a community that seems to inspire every person that comes here with a new spirit. When Mr. Smiley came here he got interested in politics, and later became a Justice of the Supreme Court, and Mr. Hanway came here and he became a prominent politician and later became head of the Public Utilities Board, and Bob Smith from Amherst is head of the National Harbor Board of Canada, and a whole host of other names I

could mention, and we are in the particular location, being in the exact centre of the Maritimes and in the northern part of the gateway of the Province, so that we can look over the whole province and see what is going on from Cape Breton to Yarmouth, and so our fate makes it necessary for us to say something here whether we have anything to say or not.

MR. SANFORD THEN READS THE BRIEF as follows:

SUBMISSION TO THE ROYAL COMMISSION
FROM THE TOWN COUNCIL OF AMHERST AND THE
AMHERST BOARD OF TRADE.

Honorable Commissioners:

The Town Council of Amherst and the Amherst Board of Trade have considered it fitting that they should be represented at this important sitting of your Commission, in the shire-town of Cumberland, but due to the impressive detailed briefs already submitted by the Dominion Steel & Coal Corporation, the Independent Operators, the United Mine Workers, and the Government of Nova Scotia, we have not considered it necessary to use a mass of statistics as if no other brief had been presented.. Furthermore, we have some knowledge of the submissions being made on behalf of Springhill and the other districts directly concerned with the mining industry, and we do not wish to trench upon their ground.

Situated at the northern gateway to this province, the Town of Amherst, not farther distant than 25 miles from any of the coal producing areas in Cumberland, has viewed the development of this industry, with all its problems and vicissitudes, with more than a general interest. Our communities are closely related together in a social and business way, and anything that affects the prosperity of the mining districts is already reflected in the business life of the shiretown.

The coal industry gives employment to some 2,000 miners and working men in this county, representing with their families nearly one-third of the population of Cumberland, and naturally anything affecting its welfare must be felt almost immediately in all the surrounding districts.

Moreover, we have to remember that the mining districts have been among the most patriotic supporters of the war both from the standpoint of enlistments and in the purchase of Victory Bonds and War Savings Certificates, and that practically one out of every ten of the population is represented directly on the fighting war fronts. This is a record not surpassed by any other community in Canada, and we emphasize it here because there seems to be an impression in some quarters that miners are not making their full contribution to the war effort and that any falling off in coal production per man is due to some indifference on their part. We believe that the very contrary is the case so far as the miners of Cumberland are concerned, and that there has been no substantial falling off in the production that cannot be accounted for on other grounds.

Now Mr. Chairman, I want to pause here for a moment and call your attention to an article in the last issue of Public Affairs by Dr. A. E. Cameron, Deputy Minister of Mines for the Province of Nova Scotia, and in this article of Public Affairs it gives a statement of the average output per man per day in tons for the past ten years. In 1933 the output was 2 tons per man per day, and it runs from amounts 2.20, 2.31, 2.20, 2.33, 2.22, 2.28, 2.27, 2.01, 2.05 and 1.8 for 1943. I think the contention is that the output is falling still and not more than 1.5 at the present time, but the submissions made here yesterday indicate that they are nearer $2\frac{1}{2}$ tons per man than 2 tons or 1.8 mentioned here in this particular article.

BY THE CHAIRMAN - We have that available.

BY MR. SANFORD - If you turn to the first page of this you will find that they have about the same problem in Great Britain as we have here in Nova Scotia, for according to the statement of Walter Hill, the economist, it shows that the output per man per day in Great Britain is under one ton. That is one of the biggest problems they have to solve there with reference to industrial life after the war. I simply call attention to the fact that where the average is 1.8, and where our mines in

Cumberland County show so much better production, and can do better, so this cannot apply very well at least to the smaller mines in this constituency.

MR. SANFORD continues brief

We take the stand that the coal industry of Nova Scotia is a national one, and that the federal authority should consider it in this light. It has been one of the most important factors in Canada's great contribution to the war, for without our coal production it would have been impossible to keep our transportation systems in constant operation and it would have been equally impossible for many of the large munitions and war production plants to have created such a creditable production record. Long before the present war it was emphasized that the coal fields of Nova Scotia must be considered as one of the lines of defence so far as Canada is concerned, and if this were true at any previous time, it is doubly true today. It is on this ground that a previous government of Nova Scotia in its brief to the Federal Government asking for greater assistance to the coal industry of this province, declared:

"The coal fields of Nova Scotia have one commanding claim to national importance which nothing can or should minimize or gainsay. These coal deposits are the only coking bituminous coals in Canada east of the foothills of the Rockies. In the coal fields of Nova Scotia, therefore, lies all Canada's hope of fuel independence insofar as concerns the provinces east of the Great Lakes. On national grounds, therefore, the coal areas in Nova Scotia must be maintained in productive ability. From the national viewpoint, the strictly commercial economics of coal supply should take second place to national necessities."

BY MR. FRAWLEY - Mr. Sanford, have you that reference handy about the previous Government of Nova Scotia?

BY MR. SANFORD - On explaining that reference Mr. Chairman, in 1932 and 1933 two briefs were prepared by the government of Nova Scotia dealing with the coal industry. In 1932 at the Imperial Economic Conference at that time it was suggested that

more coal from Great Britain should be brought into Canada, particularly Welsh coal, and our government in Nova Scotia at that time protested very strongly against that, and I am quoting from that.

BY THE CHAIRMAN - Was that the brief which resulted in the uplift of the industry?

A. The one in regard to subventions was a little different. The subvention was 50¢ a ton before that. Representations were made to the then government that something like \$2.00 or \$2.25 was needed in order to compete with the prices of the United States. They could produce cheaper, and shorter transportation, and they could send their coal from Pennsylvania to Ontario much cheaper than Nova Scotia, so the subvention was raised to establish a parity at that time between United States and Nova Scotia.

BY THE CHAIRMAN - It was in 1932 that the subvention became of any material value, from that date? From 1927 they didn't amount to much?

A. So far as the subvention policy was concerned, I am dealing with that here.

Q. I said, as a matter of fact it was from 1932 that the subventions became something of benefit to the coal industry?

A. About that time. A statement was made that by increasing the subvention policy a market in Ontario would be found for an additional million tons of coal, and it exceeded that.

MR. SANFORD continues brief

It is the view of the people in this part of the province that the policy of subventions, while very helpful to the larger mines of Cape Breton, have not been so helpful to the smaller mining communities, particularly those of Cumberland, with the exception that some of the coal that might have provided greater competition in the Maritime market has been diverted to the Central provinces. It is the claim of this brief that since the people of this area of the province have been contributing their share to the subvention cost, that the

market in the Maritimos should be left largely to the smaller mines which are quite capable of supplying all the consuming needs of the people in this particular Maritime area. In other words, it is our contention that a zoning system should be established in Eastern Canada by which the markets here will be available to the smaller producers. This is not a new contention on our part, for in a brief prepared by the Government of Nova Scotia in 1932 it was stated: "With regard to bituminous coal the Government of Nova Scotia considers it most necessary to conserve the eastern Canadian market from the seaboard and the St. Lawrence ports to the full economic extent of inland distribution for the maintenance of the coal mining industry of Nova Scotia."

That statement will be found in that brief we have already quoted from.

BY THE CHAIRMAN - I think we asked someone yesterday if the small independents were capable of supplying the Maritime markets, and I don't think we have any figures on that point.

A. I think they are capable, and the next paragraph deals with that.

MR. SANFORD continues Brief

If this is conceded as a proper claim, naturally there devolves upon the operators of these smaller mines the responsibility of placing on the market a type of coal that will be suitable in quality for all ordinary consumption needs. Possibly due to the intensive war demand, as much attention as necessary has not been given to the matter of quality, and it is a matter of regret that much deleterious matter such as stone, and shale, and other refuse, appears in some of the coal placed upon the market. We submit in this connection that a washing plant is needed for some of the smaller coal mines in this area and that if the operators are not able financially to provide this out of earnings, that a washing plant should be established at Maccan through which junction the greater part of the production goes. This would seem to be something that

the Federal Government should be directly interested in if it has in mind a policy that will not only advance the interests of the larger coal concerns,, but those of the smaller mines as well, whose total is not insignificant, and whose effect upon the nearby districts is large.

Now in regard to this quality, Mr. Chairman, I do not wish to say very much about the coal which we got from the River Hebert-Joggins district, for we recognize it is a war period. At the same time in the ordinary ton it is perhaps a quarter duff, and considerable stone and shalo. It is not the kind we should be paying \$6.90 for. On the other hand the Bras d'Or Company in Cape Breton cleans and oils its coal, and I saw that coal in operation here a few days ago. It gives a splendid heat, and a small box was sent to the house for me to test, and Mrs. Sanford burnt it in the kitchen range and found it a most satisfactory coal. I don't know very much about the process, but I have a small box here which shows the coal washed and oiled. This is coal that is washed and oiled, and it is the kind we want here. If we have to pay \$6.90 a ton, and if the coal miners are going to add another dollar, we are entitled to the best quality that can be provided, and we are not getting it today, and that is why we recommend a washing or processing plant to be established here at Maclean, where all this coal could pass through and be of better quality.

BY COMMISSIONER MORRISON - You would be willing to pay a little more for coal like that?

A. Yes.

BY THE CHAIRMAN - We have some splendid evidence on that and we are getting something as to the cost of mining from Mr. Burchell at Sydney.

BY MR. SANFORD - Those things are linked together, because there is no use getting a Maritime market unless you get the quality, because you cannot buy simply on patriotic grounds.

MR. SANFORD continues brief

We suggest that the available quantity of coal in the Cumberland district is still large and that even in areas which are supposed to have been mined out there are still large quantities of valuable coal deposits that could be mined if the proper machinery were provided and capital available. There should be a comprehensive survey of these resources in order to determine their extent and their value and also to give a greater feeling of security to the people who are living in those districts and who are dependent upon the coal industry for their daily living.

Now Mr. Avard in his statement yesterday said that estimates had been made that the coal areas in Joggins- River Hebert district contained from 150 million tons upward. We believe there are very fine coal areas there that have not been touched at all, extending from Joggins towards Parrsboro. At the same time 150 million tons is a large quantity and it would be well for the people here to know that it was available. At the same time we had Mr. McCall saying that according to his estimate coal deposits in Springhill would last about 25 years. I would say that is a very pessimistic statement to place before the people of Springhill. The boys and girls that are coming along there at the present time and they say there is no use staying here if the mines are to be worked out in Springhill in 25 years, and that will not stimulate the people in the community. I lived there for something over four years about 35 years ago, it was a time of a strike, and we were urging the construction of a new high school building, and the former underground manager, who was a former mayor of Springhill, stated at a public meeting, he said what is the use of building a new school because Springhill will be a ghost town in 25 years. The people of Springhill did not take that view and they built the high school building, and I would be greatly mistaken if the same is not the view at the present time; that they can discover new areas by which the life of the town of Springhill can be assured. I am simply giving my ideas, but I don't

think we should take such a pessimistic view at the present time.

MR. SANFORD continues brief

We submit further that there should be a more intensive study of what by-products can be produced from our coal. Some two decades ago the Canada Electric Company, with headquarters in Amherst, decided to produce electric energy from its new plant at Maccan, and for the first time in Canada this power was produced from the pitmouth. The cheaper coal from the mines of the parent company, the Maritime Coal, Railway and Power Company, was sent direct to the Maccan plant, and through the pulverization process, electrical energy has been provided for Springhill and all the mining districts, for Amherst and Sackville and all the nearby areas. It is to be the source for electrification of many of the rural districts in Cumberland as soon as priorities make the necessary equipment available. This, we suggest, is an illustration of what vision and enterprise can do when it is applied to one phase of the coal industry, and we submit that it could be applied to the process of coking as well. We believe that scientific tests have proven that coke made from Nova Scotia coal contains equal fuel value with anthracite coal, either from Great Britain or United States.

In conclusion, Honorable Commissioners, we would suggest that the Consumer -- the supporter of the coal industry, but the forgotten man when strife develops or prices are being fixed -- should be given his proper place as a member of a great trinity and that he should not longer be regarded as a willing burden bearer simply because he has no means of making effective organized protest. We submit that every avenue for reducing production costs should be explored before imposing further living cost burdens on the indispensable consuming public, and that since this is a national industry, the nation as a whole should share in any new financial outlays that may be considered necessary to ensure its maintenance and development.

Our final submission is that since coal is one of our great natural resources, inexorably essential to our

national life, that the mining industry should be regarded as a stewardship in which operator, employee and consumer, all have a share of responsibility, but in which the Federal authority also has an especial obligation in helping to maintain and stimulate its continued functioning as one of our most essential national assets.

It is our hope, Honorable Commissioners, that as the report of the Duncan Commission of 1926 came to be recognized as the Magna Charta of Maritime Rights, so your report will provide a new outlook for a prosperous coal industry in Canada and a new and much-needed bond in the structure of national unity.

Respectfully submitted,

For the Town Council of Amherst
(sgd) M. J. Kaufman, Mayor
" N. S. Sanford, Councillor.

AMHERST BOARD OF TRADE
(sgd) B. M. Love, President.

BY THE CHAIRMAN - We thank you very much Mr. Sanford. I think I can say on behalf of the Commission that this is a very interesting brief; and in connection with the marvelous men who have been raised at Amherst, and some who have not, but who came here - I remember Mr. Charles Smith welcoming me here on the first occasion that I came here as a Justice of the Court. He gave us, and I think with more detail, the great men that had come out of Amherst. I was very thankful to get the information, in fact I knew a lot of it, but I did suggest to Mr. Smith that if Canada and Nova Scotia kept going, that some day they would achieve the limits that had been attained by the County of Inverness.

BY MR. SANFORD - Why Mr. Chairman, you cannot breathe the air of Amherst without being a bigger and a better man.

A. J. MASON - EXAMINED BY MR. FRAWLEY

Q. You are the Mayor of Springhill?

A. Yes.

Q. And you are here today to submit their brief to this Commission?

S.

-1236-

A. J. Mason

1. Correct.

2. Will you proceed.

Mr. MASON reads brief as follows:

Submission by the Town Council, Board of Trade, and
the Local U.M.W. of A. Union #4514

TOWN OF SPRINGHILL

Gentlemen:

The information contained in this brief is submitted for your consideration, all of which pertains to the coal industry and its effect upon the people of Cumberland County as a whole. Other information contained in the brief may have reference to the coal industry as it pertains to the entire Dominion of Canada.

It is our desire to present as briefly as possible suggestions we hope will assist you and your Commission in the difficult task of finding a solution of the many problems that confront the Government, the Mine Operators, and the miners; that your investigations and recommendations will result in placing this nationally important industry upon a sound economic basis for many years to come.

We appreciate the courtesy you have extended to us in coming to Cumberland County to receive our views and recommendations, and we hope you will have an opportunity to visit the many places of interest before leaving this Historical County.

Cumberland County occupies an area of approximately 1,683 sq. miles, it is the largest and one of the oldest Counties in the Province of Nova Scotia, first occupied by a handful of United Empire Loyalists, late of the King's Army from Virginia, during the year 1790. Today the population of Cumberland County is approximately 40,000 people. In checking the Dominion Census Statistics we find that as of 1941 the population of Cumberland County was 39,476, that is about 1,600 below the figures given in the 1921 census.

The racial origin of our people are predominantly English, Scotch and Irish. The majority being English to the amount of 20,819 following in the order by those of Scotch 7,937; Irish 4,467; other British Isles races 184; French 4,000; Germans 336; Netherlanders 330; Scandinavians 260. Other European Nationals make up the balance of about 1,000.

Largest of the five towns within the county is the Town of Amherst, Shire Town of the County, with a population of 8,620; Springhill comes next in line with a population of 7,170; Parrsboro with a population of 1,971; Oxford with 1,297; and Joggins 1,109, making a total of 20,167. The balance of 19,309 live within the boundaries of the Municipality of Cumberland and represent a fairly large farming population.

TOWN OF SPRINGHILL

In the Town of Springhill we enjoy the major industry in Cumberland County, The Cumberland Railway & Coal Company, a subsidiary of the Dominion Steel & Coal Corporation.

In the year 1834 outcroppings of coal were first discovered, and in 1836 the General Mining Association was formed taking over a lease of this area from the Duke of York, who at that time held a 60 year lease of all minerals in Nova Scotia. This control remained with the General Mining Association until 1857 when they were ceded to the Province of Nova Scotia for a consideration.

I may say, gentlemen, that I am not going to guarantoo that those figures are absolutely correct, but I believe they are from the records which we have.

MR. MASON continues brief

The actual mining of coal in this area was not undertaken until the year 1869, then in 1872 the Springhill Mining Company was formed. Some years later the name of the Company was changed to that of the Cumberland Railway & Coal Company.

The number of people employed in and around the mines by the Cumberland Railway & Coal Company total 1,811;

1,488 underground; 230 on the surface; 52 on the railroad; 41 officials and office staff.

Springhill mining operations require approximately \$250,000 worth of pit timber in a normal year. This is purchased largely in small lots from local farmers and small wood lot owners, and provides a cash market for a large part of our rural district. Pit timber is largely second growth, clearings, etc., and bulk of the cost goes directly to wages in cutting and hauling operations. The quantity of timber varies with coal production, so that the prosperity of the surrounding areas depends to a great extent on the conditions of the coal trade.

We are fortunate in having some excellent agricultural districts in Cumberland County, all of which are directly dependent upon the successful and continuous operation of our coal mines.

After the war, Cumberland County will be faced with conditions similar to that of other counties. Returning soldiers will need, and have the right to expect, employment. In this connection the Coal Mines of this district will be expected to absorb the greater number of those men returning from the battlefields of Europe. Therefore, we contend that Post War development of the mining areas within the County is most essential. While we may make brief reference to the past history of this Industry, we are more concerned about its future, rather than with the past.

The Cumberland Railway & Coal Company of Springhill, being a subsidiary of the Dominion Steel & Coal Corporation, is subject to the direction of the Parent Company in its management, its operation and distribution of the coal mined in this area. Many are of the opinion that the Springhill Mines are at a disadvantage to those on the Island of Cape Breton, due to this association.

To cite instances in support of that opinion, we submit Springhill mines are located some 28 miles from the Port of Parrsboro in a south-westerly direction, and 30 miles from

the Port of Pugwash in a north-easterly direction, yet the majority of our coal is being shipped by rail, most of which is sold in the Maritime market. The Canadian National Railway is by far the greatest consumer of Springhill coal, which has a very high B.T.U. content, and is recognized as one of Nova Scotia's best steam producing fuels.

I believe that reference was made to that yesterday, which said that they took about a quarter of our output; so probably that is not correct. However, I understand that was our impression, that they were the largest consumer. They are at the present time no doubt. Our coal which has a very high B.T.U. content, and I think it is recognized as one of the best, if not the best steam producing coal we have in the province.

MR. MASON continues brief

EMPLOYMENT CONDITIONS SPRINGHILL MINES

The past history of the mining situation in Springhill regarding production and distribution has been one of full time operation during the Winter months, with about half time or less operation during the Summer season, having been down as low as one day a week, due to the shrinkage in the use of coal during that period of the year, a very unsatisfactory condition.

I suppose shrinkage in the use of coal might have been due to shrinkage in markets.

MR. MASON continues brief.

RAIL AND WATER SHIPMENTS VIA PARRSBORO

Prior to 1925, Springhill mines enjoyed a considerable amount of business from the city of St. John and other coastal sections adjacent to that New Brunswick port, this coal being shipped via steamer from the Port of Parrsboro. Shortly after the report of the Duncan Commission and the implementation of its recommendations effecting a reduction in freight rates, shipments of coal via the Port of Parrsboro to those New Brunswick points, was discontinued, the reason being that the

Cumberland Railway & Coal Company's agent at St. John, one of the largest importers of coal for domestic use, as well as bunker supply, having no rail connections to their yard, were supplied with coal from Cape Breton Mines, this being a re-arrangement of the company's distribution and sales policy which re-acted unfavorably to the Springhill mines. It is estimated the distance by water from Sydney to that New Brunswick market is at least seven (7) times greater than the distance by water from Parrsboro. Obviously such a situation is not in the best interests of economy in transportation, and one which must reflect in the overall costs to the consuming public.

We believe other sections of the province of Nova Scotia, such as the Annapolis Valley, as far as Yarmouth and Liverpool, could be supplied with coal via water from Parrsboro, much more economically, if proper facilities are provided, than they can be supplied by water from the Island of Cape Breton, or even by rail shipments.

ALL RAIL SHIPMENTS

During the depression of the early thirties, the Springhill Board of Trade made representation to Ottawa in an effort to improve summer shipments of coal by rail to the central provinces by making the subsidies available to all rail shipments the year around, instead of from November to April each year. While we were successful in having this change made, the Cape Breton mines and not the Springhill mines enjoyed the greatest benefit from this arrangement, more coal being transported by rail from the Cape Breton areas than from our mines in Springhill. We fail to see where such conditions can be considered in the interests of economy or in the general welfare of the coal industry.

PORTS OF PUGWASH AND PARRSBORO

Of vital importance to the Springhill operation is the development of the Port of Pugwash as a potential water shipping port for Springhill coal. Situated 28 miles from Springhill, this port is considered to be about 24 hours nearer to the Quebec markets than the Cape Breton ports. If

shipments were made via Pugwash it would mean a saving in transportation costs of approximately \$1.00 per ton.

Some years ago a railroad connecting Springhill and Oxford, or the Short Line, was built as a means of shipping coal to Pugwash, but for some reason that trade was never developed and the railroad was abandoned. We believe that current conditions have reversed this situation, and we believe the operation of that plan is now feasible. As evidence of this, the local Coal Company have through all the years retained a valuable water frontage in this port. We now recommend either the reconstruction of the railroad to Oxford to connect with the Pugwash line, or as an alternative, running rights on the C.N.R. from Springhill Junction to Pugwash, or a specially approved freight tariff from the C.N.R. for full trainloads of coal between these points.

We cite the above in support of our contention that if the Cumberland Railway & Coal Company were a separate unit operating under its own independent charter, or at least in a sales competition on the open market, the Ports of Pugwash and Parrsboro would be used to considerable advantage by the Cumberland Railway & Coal Company, which would, in turn, benefit the people of Springhill, the County and the consumer generally.

ST. LAWRENCE SEAWAY

We view with concern the development of the proposed St. Lawrence Seaway project. Our basic objections are, that we fear prospective harm and injury to many industries, particularly to the Coal Industry of the Maritimes, to the Railways, and to our Maritime Ports.

The expenditure of large sums of money from the public purse for projects such as the St. Lawrence Deep Waterway, from the Great Lakes to the Atlantic via the St. Lawrence, together with the Hydro Power Developments are destructive to the future markets for Canadian coals, calculated to result in large tonnage displacement.

The St. Lawrence Seaway, intended to open Lake ports

to ocean borne commerce, will open these ports to coal from England, Germany, Belgium and Russia, and to easy imports of foreign oil from Central America. At the same time diverting grain traffic from our railroads to this seaway, further diminish railroad operations and consequently reduce railroad fuel requirements. The railways, unlike the St. Lawrence river, (which is frozen over several months of each year), are capable of carrying traffic twelve months of the year to our Eastern Atlantic Ports, Ports that are open to ocean traffic twelve months of the year.

HYDRO VS PULVERIZED FUEL ELECTRIC POWER DEVELOPMENT

You will find by investigation that the development of hydro electric power during the past half century has been tremendous. Whereas about 40 years ago the production of electric energy from hydro power was about 14,000,000 K.W., the total figures from the nine provinces of Canada today show approximately 30 million K.W. of hydro electric energy.

There is an ever increasing demand for electric light and power throughout the entire country. Dominion wide Post War Rural Electrification plans are such that an increase in the production of electric energy must be developed on a very large scale. We also know there is a great shortage of electrical power in the Maritimes at the present time.

It should be recognized that steam today is by overwhelming odds the prime mover of industry. In the United States more than 60 percent of the central electric power stations are actuated by steam, and ninety percent of the industrial power plants are steam driven. The largest United States single shaft units for the production of electric energy were not made for the mighty water wheels designed for Boulder Dam, they are used for the more powerful steam turbines installed in Philadelphia and New York. The largest actual output of electrical energy is a steam propelled development

plant on the East River Front in Brooklyn.

Back in 1920 three pounds of coal were used to propell a K.W. of electric energy over the wires. By 1925 it was brought down to two pounds. By 1930 it was reduced to 1.7 pounds, and today the twelve most efficient of such plants in the United States, the total fuel consumed is less than one pound of coal per Kilowatt hour of electricity generated.

Page 1246 follows

A few years ago the Christian Science Monitor published statistics prepared for them by the Standard Statistics Co. of America, after a complete survey, to present a comparable picture of the relative efficiency of Hydro vs. Steam Plants, which is submitted here.

I might say that this information was produced about 1933 or 1935. It is not up-to-date.

	HYDRO	STEAM
Maintenance	2.8%	2.7%
Profit	20.0%	29.0%
Depreciation	11.8%	4.8%
Bonds	18.8%	16.6%
Taxes	21.5%	13.8%
Payrolls	18.1%	16.2%
Miscellaneous	7.0%	4.9%
Fuel		12.0%

It is estimated that to produce 8 million H.P. it would require 5 million tons of coal. It is conceded that electric power can be generated cheaply by hydro power, but it is also possible to generate electric power equally as cheap, if not cheaper, by the use of modernized pulverized fuel plants, particularly so, when conveniently situated near the mine operations.

Hydro has become a serious competitor for coal during the past 25 years, and we believe every effort should be made to prevent further development of hydro power projects within the Maritimes, that modernized pulverized fuel electric generating plants should be established in as advantageous points as soon as possible. We claim Springhill centrally located in the Maritimes is an ideal spot for a pulverized fuel power plant. This particular subject is deserving of careful consideration and investigation due to the general demands now being made for extensive rural electrification projects as a post war measure. One important factor in this connection is that in the development of pulverized fuel generating plants located at or adjacent to the mining operations, it is possible to utilize a poorer type and quality of coal that is recognized as unfit for general commercial use.

We do not condone a policy that encourages the development of water power projects when the development of pulverized fuel power plants would do so much to develop the coal industry.

FUEL OIL

The full extent to which the use of fuel oil has cut into coal sales is very difficult to determine, but we do know that coal has been displaced by oil in the uses of stoves, furnaces, engines, and industrial plants. Many vessels which formerly burned coal are now using oil, and the majority of newly built vessels have been equipped with oil burning machinery; that some railway locomotives are now propelled by oil instead of coal. When added to this the knowledge that many modern homes are using gas and electricity for cooking and heating purposes, we can realize how significant a competitor they are to the coal trade.

It is estimated that hydro and oil combined has replaced over 1,000,000 tons of coal in the Province of Quebec alone during the past few years. That figure can be greatly increased when considering the replacement of coal by hydro and fuel oil over the entire Dominion. For instance, according to Hansard, page 4658, May 22, 1939, in 1937 with a population increase of 2.4 million people over the figures of 1919, Canada is only using 75% of the tonnage used years ago. In 1919 Canada consumed $4\frac{1}{2}$ tons per head of population, whereas in 1937 only 2.65 tons per head were consumed.

Use of oil burning power plants on subsidized transportation routes, steamers, ferries, diesel trains, etc., should be discontinued. As a local instance we refer to the Prince Edward Island ferry Charlottetown, which, when converted from coal to oil a few years ago, displaced some 40,000 tons of Springhill coal. Multiply this by the number of like operations and the effect on the coal industry is readily discernible.

I might inject here, sir, that the reference that was made--I think Mr. Paul said something around 25,000 tons or

20,000 tons. Our understanding of that is that to get the necessary 20,000 tons of coal, satisfactory, saleable coal for that boat, it meant the production of something like 40,000 tons. Now that is the suggestion there. And in regard to the S.S. "Charlottetown" and the sales organization, I brought something here that probably might be interesting to you in reference to your criticism of the Company and the sales force.

BY THE CHAIRMAN: It wasn't my criticism. I was passing on a criticism I had heard.

MR. MASON: You said could they have done so. I am going to concur in the suggestion of why they didn't do a lot of those things, because it was only a few years ago that I was in Ottawa talking to Mr. Neate, of the Fuel Board, and he admitted that their sales force was terrible, he didn't mind saying so, but in this particular case as far as we are concerned we did every possible thing that could be done to prevent the new steamer that is now being built by the Government for that run, we did everything possible to have it converted back to the use of coal. Prince Edward Island were very much opposed to it and we submitted to the Minister a pamphlet of the "City of Midland" which is operating--it is an ice-breaker ferry built in 1941--operating on Lake Michigan, covers a 62-mile trip twice a day. It was built at a cost of \$2,000,000 where this one, as I understand, is going to cost about \$4,000,000. It carries 34 loaded railway cars, 50 automobiles, 375 passengers. It is 406 feet long, 58-foot beam, 7½ draft, 8,200 tons displacement, with a speed of 8½ miles per hour. It uses coal in modern automatic controlled stokers and spreader type furnace, four Foster wheel cooled type steam generators. This ferry has been operating very successfully and they claim cheaper than operation by oil. The complete information on it was submitted to the Minister, Mr. Michaud, and representations were certainly made. We made several trips to Moncton and to Ottawa to meet him and the final information

that was given to me simply was, "I am sorry. The engineers are against you. They don't approve."

BY THE CHAIRMAN: They had converted the former steamer from coal to oil?

MR. MASON: That's right.

BY THE CHAIRMAN: That was the time to be competitive.

MR. MASON: Well, I just thought I would give you that information. (Continues brief):

FUTURE OF INDUSTRY

The future of the Canadian coal industry is dependent upon four factors:

- (1) A National Fuel Policy
- (2) The implementation of a permanent system of subsidies.
- (3) The zoning of the Canadian market
- (4) Improved automatic firing equipment.

NATIONAL FUEL POLICY

The importance of the coal industry to the national economy is such that it requires the re-organization of the presently constituted Fuel Board, with enlarged and added powers, for the purpose of controlling the importation of foreign coal, and to function as a marketing commission for the proper distribution and allocation of the Eastern and Western coals to the domestic and industrial markets throughout the Dominion.

We believe that Canada needs a National Fuel Policy so legislated and applied that it will be binding in principle on successive Governments. The type of policy best suited to the economic needs of the nation is something that we must leave to the judgment of this Commission after thorough investigation. Any approach toward the correction of this problem must be made from a broad point of view and from an economic standpoint as it relates itself to the industry, and to the local communities that derive their livelihood from the production of coal. Our coal industry and its welfare is as fundamentally important to

our national existence and unity as any other basic industry in Canada.

CONFEDERATION BENEFITS

The yearly tonnage ratio of manufactured goods "miscellaneous" set from Nova Scotia to Ontario and Quebec is only about 6,420 tons against 36,440 tons brought into Nova Scotia, from the central provinces. Such figures show that the freedom of interprovincial trade secured by confederation has been of substantially greater benefit to Ontario and Quebec than it has been to the Maritimes.

Had the provinces of Ontario and Quebec taken a broader view of the economic necessity of that which is necessary for Canada's prosperity, and been willing to lend their co-operation toward carrying out the terms of the confederation agreements, thereby willing to accept and use Nova Scotia coal in the quantities that it was possible to make available for them, instead of continuing to import American coal because of the differential in the cost between American coal and Nova Scotia coal, (which in the aggregate we believe has been of insignificant financial advantage to the manufacturing industries of central Canada), much would have been done to offset our adverse trade balance.

FOREIGN COAL

It is estimated that \$450,000,000 was expended by Canadians for American coals over the past ten years. If we add the railway freight over the American railroads to that figure, the money sent out of Canada during those years would be approximately \$500,000,000 or \$50,000,000 per year. Consider for a moment what this would mean to Canada had this money been spent at home, and what it would have meant to the trade balance between Canada and the outside world, but more particularly what it would mean to the employment picture in this country.

Our present dependence upon American coal is not one of sound economics. It means that Canada is open to economic

pressure by the United States if they wished to freeze us out. In this connection we would cite the recent embargo placed by the United States upon shipments of coal into Canada.

BY MR. FRAWLEY: Was that some emergency?

MR. MASON: That was an emergency measure, yes. That embargo was placed on about two weeks ago. I believe it only lasted for some four or five days, or two or three days.

(Continues brief):

No doubt there would be strenuous objection from vested interests bound up with American mines and American transportation, or those engaged in the retail selling of American coal were they forced to replace American coal with Nova Scotia coal, but we submit the benefits to be gained by the central provinces from a prosperous Maritimes would be very large from a purely business point of view. The benefits to railroad workmen, railway shop workers, and all other transportation employees, together with the benefits to the miners and their families would be a boon to the entire country.

COAL QUOTA PERMIT

Vested interest should not be allowed to stand in the way of a reform policy which would provide Canadian coal for Canadian people. Coal importation should be based by the application of a quota system, the basis of which will ensure the continuous operation of our mines giving year round continuous employment to our miners.

The importance of extended markets for Nova Scotia coal is appreciated by the Government of Canada, shown in the form of duties and subvention assistance, but the resultant effect of the tariff and subsidies has been to reduce the price of American coal to meet this tariff and subvention assistance.

According to the Honorable Mr. Crerar, Minister of Mines and Resources, the Dominion Fuel Board has the responsibility of administering the various Orders-in-Council under which subventions are granted to assist in the movement of coal from one part of the Dominion to another part of the Dominion, this, and

the gathering of information relating to the movement and marketing of coal. (I am quoting his statement in Hansard). He is not ready to agree that the powers of the Board should be expanded or extended to the matter of finding and extending markets for coal, he considers this to be the duty of the coal companies. We contend the control of the importations of foreign coal should be an important item of government policy. The matter of freight rates, a most vital factor, is something the companies cannot change, this again is government policy.

BARGAINING POWER

We further contend that if the permit or quota system were put into force it would afford the Dominion Government an enormous bargaining power. It is of course conceded that the importation of American coals could not be cut off all at once, it must take place gradually, but the bargaining power would be in effect. As Professor Leacock pointed out, our present dependence on American coal is not a sound economic position in which Canada should permanently remain. It means that our economic life can be subject to a peculiar pressure if the United States saw fit to exercise it. We recommend that all importation of foreign coal should be forthwith taken under the direct control of the Dominion Government by legislation, and that all future importations should be made under government quota permit, this quote to be adjusted annually, as the Canadian market adapts itself to Canadian coals and as Canadian supplies become available.

BY MR. FRAWLEY: Have you got the reference to Stephen Leacock there noted?

MR. MASON: I haven't got it, no. It is available. I will forward it to you. (Continues brief):

A COAL UTILIZATION BOARD

The time has come when the coal industry must snap out of its past attitude of indifference and disorganization and buckle down to an effective program of rehabilitation. There

is an urgent need for the active co-operation of Canadian governments in the matter of a Coal Utilization Board. Great work of this kind has been carried on before the war by the "COAL UTILIZATION COUNCIL OF ENGLAND" (financed by an annual government appropriation of eighty thousand pounds, \$350,000 in Canadian funds).

We submit that a Coal Utilization Council in Canada under the direction of, or a part of the present Fuel Board, speaking for the industry as a whole and not for any individual group or class, clothed with such authority that its decisions would have the unlimited support of the coal operators and the public, would go a long way toward stabilizing the Canadian coal industry. Such a council would assist materially in:

- (1) The education of salesmen who make actual contact with thousands of customers daily, qualified to give advice in the best utility devices and how to get the highest efficiency by the proper burning of Canadian coal.
- (2) The manufacture and distribution of modernized coal feeding devices such as automatic stokers for commercial and domestic use, to be sold under an economic sales policy similar to the sales plan of our oil and gas competitors.
- (3) The distribution of literature or bulletins giving advice and information to the commercial field regarding the analyzing of boiler tests, explaining the significance of draft, better combustion and reduction in heat losses, to locate other causes of efficiency losses for which our coal is too often blamed.
- (4) The implementation of a constant advertising campaign of the part of the coal operators, cataloguing available data pertaining to coal of use to the consuming public.
- (5) Research work in the preparation and treatment of coal for domestic use, such as, packaged fuel, briquettes, high and low temperature carbonization, and many other possible coal derivatives.
- (6) In connection with the possibility of lower production costs, we believe that the earnings of the majority of coal

operating companies over the past decade or so, have not been sufficient to enable them to develop and maintain their properties at the peak of efficiency, and we suggest a survey be made by qualified inspectors or government representatives, and in cases where it may be established that capital expenditure would tend to lower production costs, that money for such purposes be made available to the company requiring same, at a minimum rate of interest and amortized over a long period of time.

It is suggested that many steam plants in Ontario are obsolete in design and that new equipment would be necessary to successfully use our coal. We believe some inducement should be offered to those industrial plants in adapting them to the use of Nova Scotia coal, a drawback of duty on imports bearing a set proportion to the extent of the use of Nova Scotia coal could be given, similar to the present drawback to Nova Scotia coking coal.

A PERMANENT SUBVENTION POLICY

Subvention assistance to the coal industry at the present time is entirely a matter for the Parliament of Canada to continue or discontinue from year to year at its pleasure. It is possible that this condition may be responsible for any dissuasion on the part of the coal operators from extending their mining operations in the Maritimes. We submit that the subvention principle should be a statutory policy instead of a year to year policy, so legislated and applied that it will be binding in principle upon successive governments. The implementation of a permanent statutory subvention policy will permit the extension and development of our mining areas with a degree of confidence.

We submit that a combination of controlled imports; territory marketing zones; transportation subventions, and a price control stabilizing pool is worthy of further study and possible implementation. In a nation that has progressively, over a long period of years, imported roughly two tons of bituminous coal to one it has produced, such a scheme should not present any

insurmountable problems. In order that costs will be nearly equalized as possible in the various zones, we suggest a price stabilization control board or pool, patterned on the lines of certain Wartime Prices and Trade Board price control operations. Present duties could be maintained and a portion of the revenue accruing from same could be specifically earmarked for use in the proposed coal pool.

It might well be stated that many other countries carry the subvention principle on coal transportation bonuses. In Spain all coal consumed must be native mined except a small amount used on high speed ships. In Turkey every industry receiving any concessions or tariff assistance from the government must use a set quota of coal mined in that country. In Hungary no coal can be imported excepting by special permission of the government, and even then the freight charge is 100% higher than that charged on native mined coal.

Coal mining, like farming and lumbering, is a producer of wealth from the soil. The parallel of wheat to that of coal is exact. The importation into Canada of cheap wheat would be precisely comparable to the importation of cheap coal into central Canada. We again reiterate the opinion, that the cost of producing Nova Scotia coal is not excessive under Canadian conditions of mining, and that in a national sense no wealth can be lost to the country by the purchase in that country of a national product at a fair cost of production. Quoting Dr. F. W. Gray: "Nothing is cheap that is imported into the country if it displaces labor within that country and builds up a nation outside of that country. Such a policy leads to national disintegration."

About the year 1932 the Canadian Government took action by way of subventions to enable the railways of Canada to use Nova Scotia coal in special areas of central Canada without increased cost as against that of imported coal. The allotment to the Canadian National Railway under the scheme amounted to something like 230,000 tons of Nova Scotia coal. Did the

Canadian National Railway fall in with the government policy and take Nova Scotia coal to the extent of this allotment? It certainly did not. The Canadian National Railway did not use one single pound of coal under this scheme. Instead it brought bituminous coal from the United States into the area specially blocked out as the basis of the 1932 emergency plan.

We also call your attention to the disparity in Canadian coal purchases, particularly in Eastern Canada, between the C.N.R. and the C.P.R., and suggest that you get current comparative figures for study. We also suggest that you look into the matter of C.P.R. Canadian Government mail contracts out of Saint John, West, and analyze them in the light of their Canadian coal purchases West of Saint John to Western Ontario. We submit that in the light of these figures and also taking into consideration financial and other assistance given by the Federal Government during the past decade or so, that the C.P.R. be obliged to bring their Canadian coal purchases up to a figure comparative with the C.N.R.

The people of this province do not care a straw for explanations how the C.N.R. and the C.P.R. became financially interested in United States mines, or their explanation as to why they must use coal from those mines. What the people of Springhill and this province do care about is steady employment for Nova Scotia miners in order that they may purchase food and clothing for their families.

We do not complain against the central Canadian manufacturers receiving measures of government protection or assistance by bonusing them with tariff protection for their products, especially since fuel is not a large item on the cost sheets. Indeed it is rather surprising to find how comparatively small a place fuel occupies in the cost of manufactured goods. We well recall figures quoted several years ago by Professor McPhee of Toronto University, after investigation, in which he presented figures to show that coal was not a large item in the total unit costs of Canadian manufacturing.

Acknowledging this, there can be no objection on the part of industrialized central Canada, including all railways, in supporting any and all measures comparable to a permanent solution for the benefit and welfare of this basic industry and the Canadian people dependent upon it for a livelihood.

BY-PRODUCTS

Access to the world oil resources by all nations according to their needs is a subject for international agreements, assurance has been given by the President of the United States that this supply will be made available to all nations. International oil sharing, Canadian authorities realize, may be useful for equalizing distribution of a commodity that is becoming increasingly scarce, rather than sharing an abundance. Recently, Harold A. Ickes, Fuel Administrator for the United States, estimated that only a 14 year supply remained in America.

One of the most promising answers found is in oil from coal, from one sixth of the world's coal reserves in Nova Scotia and the Western provinces. Research work by the Department of Mines and Resources has been carrying on a 24-hour schedule, converting coal into high grade gasoline. The equipment used is a model for future refineries which will not only give the Dominion an abundance of gasoline and lubricating oil, but a variety of basic materials like nylon and synthetic rubber, plastics for homes and automobiles, sulfa drugs, paints, dyes and other chemicals.

This research work has been carried on by a young engineer, Thomas Warren, since 1929. About the same time Mr. Warren started his work. Germany, Japan and Britain were starting similar research. Germany, by 1939, was equipped to produce 5 million metric tons of coal gasoline a year. Britain's capacity was 3,540 barrels a day. In 1935 United States Government officials heard of the first success of the Canadian scientist and the Canadian Government placed all its data at the disposal of the United States engineers. Since

then, experts of the two countries have collaborated, exchanging results and developments of the new ideas.

The cost of sufficient hydrogenation plants to supply all Canada is estimated at \$600,000,000.00. The cost of the fuel at the source would be about 25 cents a gallon or considerably more than the petroleum gasoline, but the engineers point out that this figure under long term experienced manufacture, and because of the cheapness and stability of the raw material, could soon be reduced to an equivalent price. We believe consideration is now being given to the erection of such by-product plants at strategic points near our coal fields. We sincerely hope that such a plant will be erected here in Springhill. It is estimated from British experience that 2,000 miners are needed to dig the coal for her hydrogenation plants alone. If Canada were to come near meeting her own fuel needs from coal seven hundred and thirty million gallons a year, there would be work for thirteen thousand new miners. More than double the present number. Such security and assured markets for Canadian coal would be of particular value to Canada's post war economic stability.

Previous to the war a great new industry was started in Britain for the production of gasoline from coal which would eventually, according to information given the House of Commons by the then Prime Minister MacDonald, provide jobs for 7,000 miners. The British Government agreed to pay a preference of 4 pence a gallon on gasoline produced in Britain from British coal, which would be guaranteed for ten years. There are two methods of producing oil from coal, hydrogenation and carbonization. It is said the Imperial Chemical Industries own the British rights to the first process, hydrogenation.

COAL & OIL COMBINED IN A NEW FUEL INVENTION

I am quoting something that was printed some few years back:

Of great interest to Canadian coal producers is the recent announcement of William Burnip, prominent local engineer,

that Canadian coal may be used as the basis of a newly invented coal-colloidal fuel. A friend of Mr. Burnip, Stephen L. Wyndham, is the inventor, and Mr. Burnip, who was recently in Cardiff, Wales, has seen the invention demonstrated.

It has been a dream for years to invent a fuel by mixing coal with oil and getting a fluid mixture in which the coal would not settle down to the bottom. Mr. Burnip announced the invention has succeeded in producing samples of colloidal fuel - a combination of coal and oil - in stable mixtures varying from 60 percent coal and 40 percent oil to 80 percent coal and 20 percent oil. In this announcement Mr. Burnip says the intriguing feature to Canada is that the fuel will be cheaper than oil and can be produced from Canadian coal. Even the oil used in the mixture, he says, can be replaced by coal tar and oils derived from the distillation of coal. He predicts its use in power plants requiring intense heat with flexibility of oil fuel.

The value to the Canadian coal industry should be very marked, he says, stating that the fuel could be used for oil-burning furnaces in the home.

In reporting the result of various tests he witnesses recently before the South Wales Institute of Engineers, of which he is a member, he adds: "No one was prepared to witness the intense white glare given out by the burning colloidal fuel, against which the flame from the best quality fuel oil appeared yellow and smoky. Both burned under exactly the same conditions."

Previous experiments had failed because the coal sank to the bottom of the mixture. Wyndham has added what is called a "stabilizer". During the process of mixing, each bit of coal ground to a particle becomes coated with a film of stabilizer, which adheres to it even at high temperature. The result is each coal particle floats permanently in the mixture, the product looks like vascline when cold and flows like coal oil

at about 80 degrees Fahrenheit.

Mr. Burnip says the interest of the oil and coal world was thoroughly aroused recently when the Cunard Steamship Line used some colloidal fuel in one of their steamships on a voyage with distinct success. Something attempted in the way of a liquid fuel, using present coal field products has caused interest for years.

We present a Review of Old King Coal, in England, as published in the magazine "Tit-bits" July 9, 1938:

Chemists are chasing coal now to make it deliver up an astonishing assortment of things, including motor fuel, baking powder, chemicals used in medicine and surgery, synthetic perfumes and essences, high explosives, 1,200 dyes of various shades and colors, smokeless fuel manufactured extensively, and in manufacturing 1,000,000 tons of smokeless fuel they secured 30,000,000 gallons of oil.

It is claimed that the by-products of one ton of coal carbonized at a gas works include -- in addition to 14,400 cubic feet of coal gas -- 14 cwt. of coke and breeze, 15 gallons of crude liquor, 10 gallons of coal tar, 2 gallons of crude benzol, and a small quantity of carbon. From crude liquor is obtained the essential fertilizers, sulphate and nitrate of ammonia.

Working on coal tar they make it give up nearly 200 substances, ranging from aspirin to lampblack and photographic chemicals. In its messy state it is used for road building, and from it are distilled fuel oil and motor benzols which can be further purified into the dry-cleaning liquid benzene, which again yields aniline used in making dyes, and which again gives gay colors to carpets, curtains and clothes.

From coal tar we get naphtha, prime mover of oil and grease stains; naphthalene that is used in soaps, polishes, pastes and mothballs. Creosote comes from coal tar, the liquid we slap on fences to preserve wood against the ravages of the weather, plastic moundings, bakelite of which so many

every-day things are made, even to crystal clear lenses are being made from it.

The carbon which forms on the side of the gasworks retorts is being made use of in the production of brushes for electric motors and dynamos, the electrodes of dry cell batteries and arc-lamp carbons.

LABOR RELATIONS

One of the arguments frequently raised against free enterprise is that capital has been more insistent upon making profit rather than securing the well being of the workers, who help to make that profit possible. It should be patent that profits are as much the concern and interest of the worker as they are of management. Having no profits there will be no capital with which to operate, to pay plant upkeep, and to purchase the materials of production which are the sole means of maintaining employment and reasonable wages. Both capital and labor are so correlated, that without complete unanimity on the part of both, all factions suffer losses.

Canada today is playing an increasingly large part in the international industrial life of world trade, consequently the Canadian labor movement has grown to unprecedented levels. This is as it should be, since labor represents the largest and most important body of Canadian citizens. The governments of the Dominion and Provinces have given labor organizations sympathetic support in the passing of legislation protecting the rights of organized workers.

Capital is anxious to work in co-operation with labor to make our economic system function in such a way as to provide full employment and better working conditions for all workers. When such a condition has been attained, labor will not be opposed to reasonable profits by management.

It is said that the drop in production of coal per ton per man during the war years is due to the lack of experienced workers, and there is the contention that the miners are reluctant to work steadier because by so doing they pay higher incomes taxes, and have very little of the extra left for their

own use, on the other hand.

- (1) We hear a great deal of complaint from some miners that the Company is not concerned about the conditions under which the miners have to work.
- (2) That transportation from the surface to and from their working places is anything but satisfactory.
- (3) That sufficient safety provisions in the workings are inadequate.
- (4) There is the opinion among the men that the company will not co-operate reasonably with them.
- (5) There has been opposition on the part of some miners against the introduction of labor saving machinery, the use of which would materially increase the production per man and assist in lowering the cost of production.

We are not experts or even experienced laymen in matters of this kind, therefore we do not feel able to offer recommendations other than to say that such beliefs or opinions on the part of the miners, right or wrong, do not lend themselves toward better relationship between management and labor.

The subject of employer and employee relations is perhaps one of the most important matters this country has had to face, particularly during war years. Disturbances have piled up one on top of the other at times in the form of strikes and unfortunately the Federal and Provincial machinery, set up to investigate, and if possible settle those strikes and disturbances, have in our opinion permitted such situations to exist altogether too long a period before taking the necessary steps toward settlement.

We can cite an instance in which a complete tie-up of the Springhill mines occurred, the result of differences between the Company and a few of their officials, and during the first week of this tie-up not one member of the Provincial or Federal Labor Board officials, whom one would expect to arrive immediately trouble occurred, put in an appearance for over a week. That government representative was not very far away (Fredericton,

N.B.) yet all he did was telephone and send wires. Obviously every day that passed without the appearance of a government relation officer the pot boiled, temperatures increased, and several hundred miners were standing idle.

Figures presented to the Commission in the Cape Breton brief show that the actual wage the Nova Scotia miner receives per ton of coal brought to the surface is a very small cost in the total production costs.

Some time ago a company official stated that the idle time experienced in our mines due to lack of coal orders costs the Coal Company about 60 cents per ton. If that is the case, it is a very significant matter.

Another point worthy of consideration by the Commission is the stock manipulation of the Dominion Steel and Coal Corporation and its subsidiaries as recorded in Hansard during May 22 and 29, 1939.

It is generally believed, and rightly so, that the large majority of our miners are loyal and willing to do their best under reasonably favorable conditions, but, not unlike other situations, we seem to have a small number of individuals who appear anxious to seize every opportunity to cause a disturbance in relations. We submit that while cognizant of these conditions:

(1) There is nothing to be gained by denouncing workers or their Unions as unpatriotic.

(2) To accuse employers as being unjust profiteers.

(3) Or to accuse government officials with inattention and inefficiency.

(4) All these groups are patriotic, they too have sons and brothers dying on the fighting fronts of Europe.

We believe employers do endeavor to deal fairly with their employees in the matter of every day working conditions, hours of labor and wages, but there is the human element involved that has in the past been left to more or less look after itself.

For instance and without elaboration, the miner who works underground is following a most hazardous occupation. His working conditions underground where he never sees the sun or enjoys the pure fresh air, cannot be compared to that of a worker who operates a lathe, or one who works at a bench. The miner's working conditions are such that during his shift his nerves are under constant strain.

There is a general feeling, whether right or wrong, that a great deal of unrest and dissatisfaction can be eliminated by a carefully planned system of education in the matter of industrial relations on the part of the Company and by officials of the Miners Union. Not necessarily by a series of executive acts or concessions, as others may suggest, but by a study of factual human relations.

The human element is there and will always be with us. The Golden Rule, "Do unto others as you would have them do unto you," is a rule worthy of sincere application by both management and labor. Adherence to that rule will actuate both parties to clear up situations that generally create grievances.

We believe Company officials, also Union officials holding responsible positions should be given extensive training in the work of human relations. Is it not true that the past history of squabbles can be laid at the door of inattention to small matters; of entrusting the handling of employees to persons sometimes not capable of properly discharging that trust; of delayed decisions and a blind refusal to concede small points with the realization that a major issue may later develop that could be dealt with in an atmosphere more conducive to reasonable and successful settlement.

In the matter of industrial relations we suggest that additional recreational facilities should be provided for the miners whose hazardous underground work makes such doubly necessary if morale and health are to be maintained. In this connection we would recommend the adoption in Canada of a policy similar to that in England, where a penny a ton is added to the

cost of coal and earmarked for a fund which is used to provide more and better recreational facilities for these underground workers. In Canada five cents per ton might be added to the cost of coal, or partly charged to the cost of coal and partly charged against coal royalties collected by the Provincial Government.

In preceding material it has been intimated that federal assistance for the success of the industry is essential and a prerequisite for a successful permanent operation. The question that naturally follows: By what right have we to expect and ask the Federal Government to provide sufficient legislative and financial assistance to maintain a going and prosperous coal industry?

This right in the first place antedates back to a pre-confederation agreement. At that time Sir Charles Tupper and his Maritime colleagues made it a condition precedent to their concurrence in the Federation that the Nova Scotia coal industry, already substantially established, and at the time being rapidly developed, would be fully protected.

Secondly, any industry that is responsible for the support directly or indirectly of nearly a quarter of the population of the Province of Nova Scotia and a goodly portion of the people of at least three other provinces is worthy of permanency and capacity operation, if the nation as a whole is to prosper.

In conclusion may we express to the members of the Royal Commission our appreciation of the opportunity of expressing our opinions and recommendations, and trust that our brief may be of some help or assistance to the Commission in reaching their conclusions and recommendations on Canada's Coal Industry.

Respectfully submitted,

TOWN OF SPRINGHILL

A. J. Mason, Mayor

SPRINGHILL BOARD OF TRADE
H. N. Soley
C. J. Allbon, Jr.

LOCAL UNION NO. 4514
Howard Tattrie
(District Board Member)

BY MR. FRAWLEY: Mr. Mason, I want to say that you have presented a very comprehensive brief. You are to be commended for the care that you have taken and I am sure that you have given the Commissioners some avenues of investigation that they will find very helpful.

BY THE CHAIRMAN: There is one question that I want to ask you.

On page 15, the second paragraph: "We submit that a combination of controlled imports; territory marketing zones; transportation subventions, and a price control stabilizing pool." I don't just understand what you mean.

A On the same principle as the Wartime Prices and Trade Board. Our feeling in that matter is this, that of course we go even further into zoning.

Q I understand the zoning part of it and all that, but what is this price control stabilizing pool? What is the set-up? Is it a pool of money for the purpose of stabilizing the industry?

A Yes, that is the suggestion. I think it has been in operation in England.

Q I am not objecting to it.

A It has been in operation in England. In fact I believe that a shilling a ton is charged on every ton of coal sold to the consumer in the island of Great Britain and is placed in control of this pool, and this pool is used to stabilize the cost of coal in the various districts, and they use that pool to finance the producers who are shipping overseas. Now we had a case in 1935, I think, we went to Ottawa with information in connection with dumping duties, that British coal was brought into Canada ---

Q That is all I wanted to know.

A That is the idea of that stabilizing pool. It operates that way in England and has been very successful.

HERBERT A. HOOD. Examined by Mr. Frawley.

Q You are the mayor of the town of Joggins?

A Yes sir.

Q Will you please put your brief on the record?

MR. HOOD reads brief on behalf of the Town of Joggins and River Hebert Coal Areas, as follows:

In the Town of Joggins, also the River Hebert District, there are three coal mines operating and employing about 500 men. These mines are owned and operated by small independent companies. The number of people in this district who depend upon the successful and continuous operation of these mining areas amount to approximately 3,000.

In two of those mines, namely the Bay View and Hillcrest, the coal seams are petering out, and it will not be very long before these mines will, of necessity, be abandoned. Such a situation will be very unfortunate for the citizens of this district, unless further development takes place.

I think I understand from Mr. Avar's statement yesterday that those mines probably will continue on for a few years yet, but what we are looking for is the future of the mining industry in that district. (Continues brief):

REOPENING OF NO. 2 MINE

It has been stated in the press that the Provincial Government propose the reopening of the Thorburn Mine in the near future and we citizen miners in this district request that every consideration be given toward the reopening of the No. 2 mine at Joggins.

At the time this No. 2 mine was closed the sinkings were about 3,100 feet and there was a six foot seam of very good quality coal.

We are of the opinion that this mine should be reopened as soon as possible and turned over to a good reliable incor-

porated mining company. Such action is necessary to provide the people of this area with steady and continuous work.

BY THE CHAIRMAN: Who owns the lease of that mine?

A They were I think formerly owned by the Maritime Coal.

BY MR. FRAWLEY: Have the leases been surrendered?

A I couldn't tell you that. (Continues brief):

WASHING PLANT

In order to improve the quality of the coal mined in the Joggins and River Hebert districts, we request the Commission to investigate, and if deemed feasible, to recommend the erection of a coal washing plant at the Maccan Lake. We believe the installation of a washing plant would greatly improve the saleable quality of the coal mined in this area.

PAVED HIGHWAY

At the present time some of our coal is being sold in the Town of Amherst and adjacent districts. This coal is hauled by motor truck over our present gravel roads, a distance approximately 14 miles to the hard surface trunk road. Obviously the constant daily travel of fifty odd trucks loaded with coal makes it impossible to keep that highway in even passable condition, and there is further added wear and tear to the motor vehicles.

We therefore respectfully request the Commission's favorable assistance in recommending the immediate paving of the highway between the Joggins and River Hebert district to the trans-Canada No. 2 Highway at Nappan.

The undersigned ratepayers representing the Town Council, the citizens and Local Unions of Joggins and River Hebert appeal to the Carroll Royal Commission sitting in the Town of Amherst on February of this year, to give the above every consideration and recommend to the Governments of Nova Scotia and at Ottawa that our request be granted, in order to prolong the life of the coal mines in this district, thus enabling approximately 3,000 citizens living in this district to enjoy

the rights and privileges as other mining areas throughout the Province of Nova Scotia.

FOR THE TOWN COUNCIL

Herbert A. Hood, Mayor
Fred Landry
Arthur Mills
Wm. Irving MacDonald
Wm. E. Burbine
Basil Brion
William Gay

FOR THE UNIONS, LOCAL 4509

Curtis Victory
Garnet Logere

LOCAL UNION 7805

Edmond LeBlanc
Noris Greer

FOR THE CITIZENS

Charles J. Burke
Daniel Terrio
P. J. Terrio

E. C. McDade. Examined by Mr. Frawley.

Q You are a member of the Town Council in Parrsboro, are you?

A No, I am an ex-mayor.

Q You are here today to present the brief of the Town of Parrsboro?

A The Mayor is present, as well as the President of the Board of Trade, but they have hidden behind me.

MR. McDade proceeds to read Memo of the Town Council and Board of Trade of Parrsboro, N. S.:

The Civic Council of the Corporation of the Town of Parrsboro and associated with it, the Parrsboro Board of Trade, desire on this the occasion of your visit to the County of Cumberland to join with the Municipality, Towns and other organizations in welcoming you to this mainland centre of Nova Scotia's Potential Industry No. 1.

We wish to submit, as briefly as possible, our interest in this industry and its position to our town and the communities of Western Cumberland, situated on the shores of Minas Basin (Bay of Fundy) and adjacent thereto.

Parrsboro is approximately 28 miles from the mining centre of Springhill. Our town has a population of 1900 persons. This is a falling off of about 1000 since the days when this port was used as an extensive shipping port by the Cumberland

Railway and Coal Co. Ltd. The outlying districts spread over an area of forty miles and have an estimated population of approximately 2,000.

Parrsboro is the terminal point of the railroad owned and operated by the Cumberland Railway and Coal Company, now a subsidiary of the Dominion Coal Corporation. In 1877 this railway was built for the purpose of making shipments by water from the mines at Springhill. In 1887 the Cumberland Railway had under construction, and partially completed, shipping piers on the waterfront at Parrsboro. They continued with the extension of these piers up and until 1893 when their facilities were adequate to provide for shipments then said to represent about one-half of the daily output of the mines at Springhill. About this time the Company had under consideration the possible extension of their railway line to East Bay (three miles below Parrsboro) where deep water shipments could be made and cargoes provided for larger ships. Parrsboro harbor being tidal, only provided depth for certain tonnage. This proposal was finally abandoned. From 1893 on the Company continued to develop their facilities at this port and instituted a program of building of barges for the carrying of their product from this port to Saint John, N.B., and other Bay of Fundy ports, as also ports along the eastern Maine coast. The equipping and manning of these barges were of outstanding value to the life of our town and surrounding communities. The barges were manned with seamen who, with their families, had taken up residence here. Work was provided and steady employment given to approximately thirty men in the loading of these barges. In addition to these barges a fleet of small coastal schooners, locally owned and manned with men of our communities, were engaged in this trade.

During the period of coal shipments the Railway Company were required to maintain at this point trainmen and mechanics, who with their families were residents. This all provided added

prosperity to this section of Cumberland but with the closing out of this method of transportation our town suffered a severe blow.

Following the taking over of the Cumberland Railway and Coal Co. Ltd. and/or its becoming a part of the Dosco organization, this being about 1909 and 1910, the parent Company removed to Sydney, and other points, the fleet of barges, etc., that had served from this port. Following 1910 and continuing up until about 1927 the Company operated out of this port some small coastal steamers. These steamers carried from 1000 to 1800 tons of coal, according to tonnage. It was usual for these boats to lift cargoes averaging about 10000 tons per month. They operated as late as January but were generally cut off by ice conditions during February and March in each year. One steamer, during January, lifted approximately 12,000 tons from this port.

Following the Commission under the chairmanship of Sir Andrew Rae Duncan, appointed to enquire into the coal mining situation in Nova Scotia, Parrsboro lost its identity as a port for the shipment of coal and the railway built for the purpose of transporting coal to Parrsboro, naturally suffered in revenue thereby reducing the standard of service to an essential portion of this County that is without adequate railroad facilities. The Duncan Commission recommendations for subventions, and the later implementation of the same, gave priority to the railways and water transportation was out, as far as the Port of Parrsboro was concerned.

We wish at this point to emphasize further the serious situation that the shipping interests were placed in with the abandonment of this coal trade. This trade required a number of small sailing craft that were locally owned and manned by men of this community. Many had their earnings invested in this sole livelihood. They had engaged in the supplying of coal to such ports as Digby, Annapolis, Yarmouth, Windsor, Hantsport,

Wolfville and various points along the New Brunswick and Maine seaboard. These schooners in later years were left to waste on the beaches of our harbors. The cessation of the use of these schooners played a large part in the closing of the ship-building yards along our shores that for years had engaged in wooden shipbuilding and contributing a major portion to the industrial life of our County.

One of the largest sources of supply for Springhill coal, as shipped through this port, was to Saint John, N.B. This port was served by barges, schooners and steamers. Following 1927 the parent company, Dominion Coal Company, took over the supplying of that port from their mines at Sydney. It is said that the compelling factor in continuing water shipments to Saint John was due to the fact that the Company's agency had no rail connection to his supply depot and therefore was forced to receive water shipments. While this particular agent could not enjoy the favorable considerations as recommended by the Duncan Commission, still the Company saw fit to abandon Parrsboro, with its close proximity to the port of Saint John, and supply Saint John by a much greater water route in miles. There is no argument in our mind that will substantiate the flagrant passing up of the supplying of coal from the Springhill mines, via water from Parrsboro, to Saint John against the long water route from Sydney, N. S.

BY THE CHAIRMAN: Have you any rail connection to the town off Parrsboro?

A Oh yes.

Q What is that?

A That is the Cumberland Railway and Coal Company, they have 28 miles of railroad.

Q And that connects directly with their mines at Springhill?

A Yes sir. (Continues brief):

During the past few years the shipment of coal from this port has become nil. The Company have allowed their

piers and facilities to be practically abandoned. Rail service to this section of Cumberland has declined and is most inadequate to serve the possibilities offered in this area. We are, in view of the discontinuance of coal shipments, faced with an ever increasing unsatisfactory rail service.

BY THE CHAIRMAN: Just one other question: Were the shipping piers at Parrsboro in those days equipped to bunker coal, or put coal in for the Montreal market?

A Well, the class of steamer there would lift only up to about 2,000 tons, 2,200 tons. They were steamers that carried coal to the port of Saint John. They also carried to Portland, Maine, and in emergencies I think possibly they carried some to Halifax, but they were the class of ship that perhaps it would be quite a distance to Montreal. (Continues brief):

We wish to say that industrial development in our section of the county would have received a greater measure of consideration had this road maintained a higher standard of efficiency and service than has been supplied with the closing out of their shipments of coal as hauled over this railroad.

May we submit for your consideration five major factors that, in our opinion, would improve this industry as far as the full working capacity of the mines at Springhill throughout the year and give an opportunity of restoring to a community and trade a former measure of prosperity so much needed in the post war period:

1. Bunkering: Parrsboro ships annually from 25,000,000 to 30,000,000 superficial feet of lumber through its port. Large steamers are engaged in this transportation of wood goods. They are required to take on bunker coal before sailing. At present they must leave this port and divert to Halifax or Sydney for bunkers. At these ports the coal is generally supplied to these steamers, while at anchor in the stream, from barges. These same facilities could be supplied at the port of Parrsboro and thus avoid the delay in transportation caused by

the diverting from their proposed voyage to the ports of Halifax and Sydney. In addition to steamers loading in the lumber trade a large fleet of steamers pass up the Bay of Fundy within one mile of where these coaling facilities could be made available. These ships at various times have enquired of the conditions at this port for bunker coal but finding nothing available had to seek other source of supply. A trade could be developed for this feature at this port and an increasing demand would certainly follow, as Springhill coal is highly regarded by steamship operators for its high standard of steaming purposes.

I would like to just mention there that the large fleet of steamers referred to passing up the Bay within one mile are those ships which are now serving the gypsum trade from the port of Windsor and the barite trade from the port of Walton. (Continues brief):

2. Revival of Water Transportation: The zoning and marketing of Springhill coal that can be made to such water delivery points as Windsor, Hantsport, Wolfville, Kingsport, Annapolis, Digby, Meteghan, Yarmouth, Saint John, N. B., and other Bay of Fundy and Eastern Maine ports. This would eliminate the long haul from Springhill to Springhill Junction, Springhill Junction to Truro thence D.A.R. to Annapolis Valley points, or the routing of coal from Springhill Junction via Halifax over a direct C.N.R. route to Yarmouth. It would also eliminate any long haul, by railroad, to New Brunswick ports. By giving the mines at Springhill the benefit of serving these points the coal fields of Cape Breton would enjoy the full measure of the St. Lawrence trade, in addition to their export trade to points outside of Canada. It would stimulate the industry at Springhill and provide a measure of prosperity to a portion of Cumberland County.

BY THE CHAIRMAN: What you are saying in effect is that there is no coal transportation across to those towns

from Parrsboro at the present time?

MR. McDADE: Correct, sir. (Continues brief):

3. Survey: We urge upon this Commission the recommendation of a close study of the possibilities for further development of the coal mining industry in Cumberland. In earlier years large areas were taken up in this County where further mining conditions might be possible. It has been the policy of the Government of Canada in most recent years to carry out surveys and research work covering the mineral possibilities of this Province. We, therefore, urge upon the Government that attention be directed to this phase of the industry.

4. That consideration be given to the matter of supplying processed or low grade coal for the manufacture of power for commercial purposes and particularly that of power for the electrification of rural areas in the Province of Nova Scotia.

5. That negotiations be early made with the Canadian Pacific Railway for the revival of the contract, once supplied from Springhill, for their requirements of coal at the Port of Saint John, N.B. This supply in former years was shipped by water, via Parrsboro, to the Port of Saint John.

The post war period will call for the most careful thought on the economic development of all our resources and it is felt that continuance of water transportation of coal through our port is of vital importance and it will likewise relieve the National Railways of some of their problems in regulating the increasing traffic over their lines. It is further suggested that surplus tonnage will be available at the close of this war and the renewal of this coastwise trade will provide, to some degree, employment for a number of our men now serving in the Merchant Marine. This will all assist in a renewal of commerce to our shores and maintain standard railroad facilities to a portion of our Province that has

suffered through lack of such facilities, together with the breaking down of shipping and shipping interests, as also the wooden shipbuilding trade that supplied the smaller craft and engaged in the repairing of all floating property.

Finally, this district is interested in the increase of production of this industry at Springhill as we supply, in a large measure, much of the wood products required in this industry and any increase will add materially to the welfare and economic conditions of this part of Cumberland, together with the Town of Springhill.

We thank you for your kind consideration of our appeal and we respectfully urge that the suggestions outlined will have your most careful thought.

Respectfully submitted,

On behalf of the Corporation of the
Town of Parrsboro

Allison T. Smith, Mayor

Parrsboro Board of Trade

C. L. Godfrey, President.

EXAMINED BY Mr. Frawley.

Q Have you had any dealings with Dosco and presented to them the situation you are bringing to the Commission today with regard to Parrsboro shipments?

A No, not in recent years. We were just simply told that we were out, that the subventions made by the Dunoan Commission worked against us. In fact the treatment we received from the Railway and the Company since 1927 in anything we approached them along that line we were just simply pushed to one side.

Q In other words the Maritime Freight Rate Act, which calls for a contribution from the Federal Treasury of 20% on all freight shipments, that is what did it?

A That is what we were told, but we have our facilities there and they are capable of taking care of a large part of the trade that supplies the Annapolis Valley, and we certainly

can put coal into the port of Saint John seven to nine hours after the ship sails from Parrsboro.

Q What you say is they do not use the railroad to supply Saint John, they use the water movement from Sydney?

A Yes.

Q You suggest they could use the water movement from Parrsboro to Saint John?

A Absolutely.

There being no representative present from Oxford Mr. H. N. Soley, representing the Springhill Board of Trade, states he has been asked to read the Memo of the Town Council and the Board of Trade of Oxford, N. S.

MR. SOLEY: I would like to make brief reference and possibly elaborate on the question you asked Mr. Mason regarding the price stabilization pool. I think the prime object of that is to answer criticism that was put forward some years ago when such a quota or permit system was advocated before the Government of that time. It was suggested at that time that a straight zoning scheme might be detrimental to certain industries, might be on a borderline community a distinct difference in the cost. In other words, if one city was required to take coal from one zone and another permitted to take coal from a second, the second might be a sufficiently lower cost that two competitive industries might have to operate under different conditions, and our suggestion is that such a stabilization pool would correct such a condition.

MR. SOLEY proceeds to read Oxford memo:

The Town of Oxford is an industrial centre at the head of the Short Line branch of the Canadian National Railways, with rail connection to the ports of Pugwash and Pictou on the Northumberland Strait, and also via Brown Point to Westville and Stellarton in the Pictou County coal areas. By rail this town is 17 miles from Pugwash, 66 miles from Pictou, 76 miles from Stellarton and about 20 miles from the Town of Spring-

hill. Main trunk highways known as the Sunrise Trail and Route No. 4 connect all these centres, and by the latter highway Oxford is only 12 miles distant from the Town of Springhill. The longer distance is due to the fact that Springhill is located on the branch line of the Coal Company Railway connecting with the main line of the C.N.R. at Springhill Junction. In the early development of the Springhill coal areas a direct rail line was constructed between Springhill and Oxford to connect with the Short Line, a distance of only ten miles. The motive underlying this venture was to ship coal via Oxford to the Port of Pugwash for trans-shipment by the shortest route possible to the Northumberland Strait, Gulf of St. Lawrence, St. Lawrence and upper and lower Canadian centres of population and potential markets. This railway line was fully completed. A long, steel bridge was built over the River Philip at Oxford, marshalling yards for freight were constructed just west of the Oxford Station, and everything made ready for traffic, but unfortunately, only one passage was made by locomotive and train over this Railway. Dominion Government inspectors condemned one or more small culverts along the roadbed and the subsidy was withheld. Neither party would give ground. The railway and its facilities fell promptly into disuse and the whole expenditure became a total loss. It is the irony of fate that no coal from the Springhill areas, the Pictou County areas or even the Sydney areas is now freighted over the Short Line Railway.

During the last war very great quantities of coal, as well as iron and steel products, were carried over the Short Line. One could witness sometimes daily, seven days a week, whole trains composed almost entirely of coal cars and hoppers moving to and from Oxford Junction over the Short Line. Today and for several years past the industries and consumers in Cumberland, Colchester and Pictou Counties,

located along the Short Line, are dependent upon coal transportation and deliveries by trucks to and from the mines.

With your permission I would like to divert briefly there, on my own responsibility, and I think this should be included in the record and I have no objection to the Press commenting on it. This perhaps is not within the terms of your Commission, but I think it has some bearing. Reference has been made to the present zoning system of coal by virtue of the emergency of the war. The present zoning of coal does not give to the Springhill market a series of towns as a market. Our market is the borderline of New Brunswick. One of the questions, I believe, that you may have heard in Amherst is that the people of Amherst are not allowed to buy Springhill coal by truck. People in Amherst are buying Springhill coal by sending trucks to Sackville to get it. If zoning is adopted on a national scale it must be taken into consideration. Our present emergency requires us to conserve gasoline but under our present system trucks are going from the town of Oxford, through the town of Springhill, on to River Hebert and Joggins, loading with coal and hauling it back through the town of Springhill into the town of Oxford. Now I contend that this is not a sound zoning system and it should be corrected.

BY COMMISSIONER MORRISON: Have you ever taken that up with the Coal Controller?

MR. SOLEY: No, it only came to my attention recently. Mr. Justice Carroll may recall about a month ago we were up here at an informal meeting with the Commission, and on the way home we caught up with this coal truck and I commented to the other passengers in the car it was "carrying coals to Newcastle." When we passed I noticed the driver's name and address as Oxford. I took occasion to make some inquiry and I found that the zoning system requires it. That may be all right for coal but not for gasoline, and not for

Springhill coal, for we are losing a customer that we may have had for years. I think if you will inquire you will find that there are trucks being driven from the town of Amherst to Sackville to get Springhill coal that they can't buy in Springhill. They are working at cross-purposes, our coal and gasoline. (Continues brief):

This whole area along the Northumberland Strait cannot be adequately supplied with coal requirements by highway transportation alone. It is respectfully submitted that the use of present and even better rail facilities along the Short Line would greatly improve the situation. This applies to the distribution of coal from both the Cumberland and Pictou areas and to a lesser extent to the Cape Breton mines. Heavy freight from Cape Breton and Pictou Counties, such as coal, iron and steel routed to points west of Oxford Junction and intermediate points would enjoy a shorter rail route by several miles, and avoid the most costly haul over the Cobequids, especially from Londonderry over the Folley Mountain. The route from Stellarton to Oxford Junction is over flat land, with easy grades, and avoids the Cobequids. At least this would provide an alternative route and would relieve congestion. The main line is not yet double tracked, and in any event all traffic from points west of Oxford Junction to and from Halifax would be suspended on the occurrence of a major mishap to the main line or bridges, and the Short Line would provide the only loop or connecting link. It is respectfully submitted that the use of an improvement of the facilities of the Short Line Railway would materially increase the consumption of coal from these mining areas. Heretofore the Short Line has been one of the best, if not the best paying branch of the C.N.R. in proportion to capital expenditure. The area which it serves is thickly settled, with varied industries. Oxford, with a population of 1,500, has a woolen mill, foundry, furniture factories, flour mill and other small industries. Its consumption of coal is

substantial, running into several thousands of tons annually. The other towns or villages along the Short Line, including the Malagash area, consume in the aggregate a very considerable amount of coal, and the quantity will progressively increase from one factor alone--the depletion of wood and forest resources.

The retention of all present industries and the creation of more and more industries, especially smaller industries nearest our coal areas, will provide the most constant and profitable portion of our coal markets.

We especially crave leave to recall to your attention the need of improving the dock and harbor facilities at the Port of Pugwash. This is the nearest deep water port to Springhill, and at present is used extensively for the export of lumber. Pugwash derives its name from the Indian tongue, meaning "Deep Water", and is well named. It is landlocked, affording good anchorage and shelter. At low tide there is sufficient depth of water for fair sized steamers engaged in coastwise, inter-provincial or trans-oceanic commerce. The harbor itself is in its original state of creation and has never been improved by the hand of man. No money has been expended in dredging or otherwise. In the course of time deposits of silt extending from the harbor bar have decreased the width and lessened the depth of the channel at its mouth.

I may say in that respect that I think this summer representatives of the Department made a survey of the port of Pugwash, the first major survey made for years, in the possibility that it may be utilized as a port. (Continues):

It is felt that this port is entitled to better recognition. It has been well described by Judge Haliburton, and is considered the best natural port from Baie de Chaleur to Canseau. Without in any way meaning to minimize the importance of Parrsboro as an outlet for Springhill coal, the undersigned do hereby suggest that the alternate use of present and improved port facilities at Pugwash would benefit

in a marked degree the greater distribution of coal, especially from the Cumberland areas. This would apply particularly to coal deliveries to Prince Edward Island, and centres without railway service along the eastern seaboard of the Province of New Brunswick and the Gaspé Peninsula. Is it too much to hope for a greater degree of coastwise trade between Nova Scotia and St. Lawrence markets in the free exchange of natural products including coal?

Respectfully submitted,

TOWN OF OXFORD, N. S.

E. B. MacDougall, Mayor
J. I. Thompson, Town Clerk.

OXFORD BOARD OF TRADE

H. W. Wood, President
A. L. DeWolfe, Secretary.

MR. SOLEY also reads Memo from the Port of Pugwash, as follows:

As our harbor is considered, by us, to be of primary importance to this community generally it would be well to emphasize its present and past economic importance and to establish the beneficial role it could play in furthering the coal industry in Cumberland County.

For some scores of years Pugwash Harbor has been used for the shipments of lumber and other wood products to the United Kingdom and in some shipping seasons as much as 40,000,000 feet of lumber have been shipped via this port and it has not been unusual to see 25 or 30 ships of the ocean-going type take their cargoes from this port in a single season. All of these ships are coal burners and for that reason they have to be re-routed from this port of loading to a bunkering port which usually is Sydney or Halifax and there to take in as much as 500 tons of coal. All other ships taking cargoes along this section of Nova Scotia, the north-eastern coast of New Brunswick, the Gaspé Peninsula and western Prince Edward Island likewise have to take their

bunkers at Sydney and Halifax and this in most cases causes longer routes and consequently additional costs to the ships. In all these cases it is felt these ships could have been bunkered at Pugwash, using Springhill coal, if provisions for this facility had been made.

Should these bunkering facilities be made available in Pugwash they would also open up avenues for cheaper consumer coal for the people of western Prince Edward Island, north-eastern New Brunswick, Gaspé Peninsula and all the people on the St. Lawrence River. It would bring all these points of distribution closer to the source of supply by 250 miles - as at present there is adequate rail connections serving the 28 miles separating Springhill and Pugwash, it is considered this system is adaptable and suitable over which to haul the coal from the mines to the piers.

In order to establish public confidence in the present system of mine management and to suppress persistent and common rumors to the effect that the 'big coal interests' disallow through unethical practices the operations of small producers, we would ask and urge that this be officially contradicted or accepted.

It has also been suggested at various times and from various quarters that the Canadian National Railway was reluctant to submit to competition offered by water borne transportation and in instances influenced, to the detriment of the consumer public, the abandonment of any water borne freight system to points where rails already served. If such conditions of economic control exist it is not to the benefit of the coal consumer and therefore suitable action should be taken to prohibit such control from taking effect.

Generally speaking it is the opinion of this Board of Trade, that governments in the past have adopted an attitude towards the coal industry in Nova Scotia which in no way served to promote the industry and we would urge the

members of the Carroll Commission on Coal to set before our governments both at Halifax and Ottawa the facts surrounding the serious condition into which the Nova Scotia coal industry is drifting and to further urge upon those governments the immediate necessity of providing the requirements to put the industry in a more favorable light.

Respectfully submitted,

PUGWASH BOARD OF TRADE

F. R. Dakin, President.

MR. SOLEY also reads a Memor from the Village of Malagash, Cumberland Salt Mines.

MR. SOLEY: This, as you know, is the home of the development of the salt industry.

BY THE CHAIRMAN: Just where is that located?

A That is also on the Short Line.

Q Is there a railway station?

A There is a spur line, is there not?

HOWARD TATTIE: Six miles from the railway station, a spur line six miles long.

MR. SOLEY proceeds to read Memo:

While the Malagash Salt Mines, together with the large district surrounding the village, use Cumberland County coal entirely, we have no cause for complaint regarding deliveries of coal to this district.

We do not know just what aspects other briefs will cover, but no doubt many phases of the coal problem will be stressed. One phase that has interested the writer is the need for more extensive research work in connection with Canadian coal. It has always appeared to us that this very important point has been neglected for many years.

Not so very long ago NICKEL was a drug on the market, yet through intensive research, NICKEL is today one of our most important basic metals. Many other such cases can be cited in connection with other minerals, in fact, it is

safe to say that the majority of our successful industries lay their success at the very door of the research laboratory.

We have a fine Department of Mines Fuel Research Laboratory in Ottawa, also a national research council, both doing very good work, but I suggest that the coal industry should have its own research department because the scope for such a department is unbounded.

Respectfully submitted,

J. L. CAVANAGH, Manager
Malagash Salt Mines,

N. T. AVARD, Examined by Mr. Frawley.

Q Would you care to make a brief observation on the statement made in the brief from the Town of Joggins with respect to the reopening of No. 2 mine?

A This No. 2 mine was referred to in the brief which I originally submitted. A great deal of confidence is felt in the mining community generally in the prospect that this No. 2 mine, so-called, presents a very favorable prospect for a substantial mining operation in the town of Joggins. As I said on the first page of the brief that I submitted, the operation of the Joggins No. 2 mine could have been profitably continued for an indefinite period had the present modern mechanized equipment been available at the time that the mine was abandoned in 1907. The mining condition at the time of abandonment was that the two seams which were being operated, and which were separated by a substantial band of clay running up to four feet or more in places, was almost disappearing and was only about six inches thick at the point where the mine was abandoned at this 3100 foot level which is mentioned in Mr. Hood's brief, and the feeling is that that band of clay will probably disappear entirely and that there is the prospect of a very substantial operation in the extension of operations from that point where abandonment took place. Now the condition is at present that a very substantial amount

would have to be expended in order to resume operations. That would be done either by driving through the old workings down to this 3,100 foot level, or by sinking a shaft. Either of those operations would be comparatively expensive. I have figures which were prepared quite recently looking toward this development and I can give you those figures later on by mail. Approximately, as I recall them, it would require about \$100,000 to get to the starting point and that would be a fairly heavy contract on a proposition of this nature. Now to substantiate the economics of this proposal it will be necessary to carry out the diamond drilling program to which I have also referred previously on page 5 of the brief already submitted. This diamond drilling program is exceedingly important and in fact is vital to the continuance of coal mine operations in this district. That program is applicable particularly to the further operation of this No. 2 mine and it is also definitely applicable to other prospects in the Joggins-River Hebert district.

BY COMMISSIONER MORRISON: Is there any flooding in the old workings?

A Oh yes, that is one of the expensive problems.

Q That would be more expensive than going through your old workings?

A That would mean considerably more expense, yes. There is an old water drain that obviates a part of that expense but there is still a great deal of expense. The real method would be to sink a shaft and that is an expensive proposition, but we are hopeful, those of us who are interested in the district are still hopeful that a real mine can be developed in that area and in that seam which will take the place of those which are now in operation and whose apparent life is from 12 to 15 years.

Q You have the diamond drilling equipment right in the district, have you not?

A No. that is under the jurisdiction of the Mines Department.

BY MR. FRAWLEY: This property is owned by the Joggins Coal Company?

A Yes.

BY COMMISSIONER MORRISON: And of course you would have no objection to the Department of Mines diamond drilling?

A We are very seriously advocating that, have been for many years.

T. L. McCALL. Examined by Mr. Frawley.

Q You will remember that at Sydney you were asked to file a copy of the 1942 sublease between Scotia and Bras d'Or?

A Yes, I have a couple of copies which I am filing.

Exhibit 70 - Copy of sublease between Nova Scotia Steel & Coal Co. Ltd. and Bras d'Or Coal Co. Ltd., 1942.

Then I stated that I would supplement some figures that I had on fatal accidents in coal mines in the United States, and since that time we have received the figures.

Q This is a supplement to one of the briefs you filed at Sydney?

A Yes.

Mr. McCall filed the following letter and statements, which was marked Exhibit No. 71.

EXHIBIT NO. 71 - Letter from T. L. McCall, General Manager, Dominion Coal Co. Ltd., to J. J. Frawley, K. C., and accompanying statements, 13/2L45.

Sydney, Nova Scotia,
February 9th, 1945.

Mr. J. J. Frawley, K.C.,
Counsel for the Royal Commission on Coal.

Dear Mr. Frawley:-

Further to my memorandum of submission to the Royal Commission on Coal, "Fatal Accidents in Mines, Cape Breton Collieries, Dominion Coal Company", which referred to statements made at the Sydney Hearing on January 23rd, by Rev. Dr. Boyle, concerning the rate of fatal accidents, comparing these collieries with seventy-three mines in the United States, I have now been able to get more representative figures from the United States Department of the Interior, Bulletin 462, "Coal Mine Accidents in the United States 1942." We refer you to this Bulletin for more extended information and now enclose a statement compiled from this source which covers all bituminous coal mines in the United States. The figures are based on exposure to hazard. The basis of the calculation is one million man-hours worked, which is a basis of exposure to hazard.

May I state that this basis of exposure to hazard is the one used in all British and Continental European calculations, and that a rate of accident based on tonnage produced as cited by Dr. Boyle is of little value where the individual accident rate is in question.

Yours truly,

(sgd) T. L. McCall

GENERAL MANAGER.

ACCIDENTS TO WORKMEN
NUMBER OF MEN KILLED AND RATE
PER MILLION MAN HOURS
YEARS 1930 - 1944.

<u>DOMINION COAL CO. LTD.</u>			<u>UNITED STATES (BITUMINOUS)</u>	
<u>YEAR</u>	<u>No.</u>	<u>Rate</u>	<u>No.</u>	<u>Rate</u>
1930	11	.890	1619	2.158
1	12	1.309	1060	1.812
2	5	.682	958	1.998
3	7	.800	833	1.476
4	19	1.520	958	1.621
5	7	.602	968	1.673
6	10	.788	1098	1.639
7	17	1.216	1198	1.773
8	9	.760	880	1.741
9	8	.600	867	1.562
1940	9	.608	1204	1.923
1	9	.584	1072	1.551
2	18	1.185	1245	1.611
3	23	1.532		
4	13	.818		

MR. McCALL: And I have another one, the age grouping of employees at Cape Breton collieries of the Dominion Coal Company Limited. (Marked Exhibit 72)

There is just one remark I might make. That was, I understand there was some misinterpretation of the reserves of coal up at Springhill, in which I gave the life at 25 years. That is in the method that we were discussing coal reserves at Cape Breton and developed coal reserves, that is that there is enough coal lying ahead of those mines to keep them going for another 25 years. It doesn't mean to say that is all the coal in the district by any means, but for those particular mines, and mines that have already been in existence for 75 years and getting under such depth of cover I think to venture

another 25 years for them is not pessimistic but optimistic.

BY MR. FRAWLEY: That concludes the presentations to be submitted before the Amherst sittings.

BY THE CHAIRMAN: I want to thank very much all who came before us here. We received splendid cooperation from the mine managers and the citizens generally of this County. That is what we are looking for generally, the cooperation of the public. It is very nice to see so much interest displayed all through this province, which we are leaving tomorrow, in the situation, and that interest is coming not only from those actually engaged in the mining operations but from all citizens.

BY COMMISSIONER McLaurin: I am very pleased to associate myself with the remarks of the Chairman, and having now spent a month in the Province of Nova Scotia, even though it be wintertime, I can sincerely say that I am leaving it with regret, but I am also experiencing pleasurable anticipation in the fact that I have to come back in the summer.

BY COMMISSIONER Morrison: I too am glad to associate myself with the remarks of the Chairman. I am indeed particularly pleased to hear our colleague Mr. Justice McLaurin speak in those terms. He started out at considerable disadvantage and now that he has had the advantage of that month in Nova Scotia I am sure that he will be a better Commissioner as we proceed, in regard to the knowledge that is so necessary having been obtained, and now having enjoyed it that will certainly mean a lot to the Commissioner and myself. However, there is another phase to the Commission's travels. Our learned Chairman is proceeding West. Somebody said that I had a Cape Breton background and a Western outlook. I am sure that our genial Chairman after his trip West will also reflect some measure at least of the Western outlook on his return to his native Province.

ROYAL COMMISSION ON COAL

SAINT JOHN, N. B., THURSDAY, FEBRUARY 15th, 1945.

The Commission convened at the Court House, Saint John, N. B., on Thursday, February 15th, 1945, at 10:00 o'clock A. M.

PRESENT: His Lordship Mr. Justice W. F. Carroll, Chairman
His Lordship Mr. Justice C. C. McLaurin, Commissioner
Angus J. Morrison, Esquire, Commissioner
J. J. Frawley, K. C., Commission Counsel
J. L. Dubinsky, Assistant Counsel
Robert D. Howland, Secretary.

MR. SCLANDERS - We have here Mr. Blake of the Atlantic Sugar Refinery, who would like to take advantage of your presence here and say a few words.

BY THE CHAIRMAN - That is, he wants to give evidence?

BY MR. BLAKE - Later, after the Coal Producers Association make their submission.

BY THE CHAIRMAN - Is the Coal Producers Association ready with their brief?

BY MAYOR McKENNA - Before the proceedings formally open might I, as Mayor of the City, convey to you the greetings of this City, to say that we welcome you here and that we appreciate very fully the splendid work which you are doing in connection with the Coal Industry of Canada, and while I regret that possibly due attention has not been given to certain matters in connection with the coal trade of this Port, I hope that later on you will give the City or the Board of Trade of St. John an opportunity to present at Nova Scotia some of the views concerning the coal traffic through this Port.

We are assembled today in a rather historic building where many important investigations have been held. The Duncan Commission met here and evidence was

taken in connection with the presentation on behalf of the Province, and we know the results of that Commission. There accrued to the Maritime Provinces definite helpful results which we are still enjoying. Might I say to you sir, that I hope that your labors will be equally fruitful and that they will bring to the Coal Industry, particularly of the Maritime Provinces, benefits appreciably comparable with those that resulted from the Duncan Commission, and on behalf of the Citizens of the City of Saint John may I wish you every success in the conduct of your investigation.

BY THE CHAIRMAN - We are glad to be in Saint John, Mr. Mayor, but we are rather disappointed. We took the trouble and expense of sending our Counsel down here some months ago with suggestions that we would be glad if there was anything in connection with this inquiry, that we would be glad to come to St. John and them. Not because it is a coal industrial situation here, you have no producers of coal, but this Commission is not only out for the coal producers, but for the citizens of Canada, and I may frankly say that both my brother Commissioners and myself are very much disappointed this morning, because I know from actual suggestions made to me, that there are problems here that every man, woman and child here of the City should be interested in bringing to the attention of this Commission. However, that is the situation. Has anybody got a brief?

BY MR. FRAWLEY - I asked if there were any briefs, and was told that there were not any.

MR. C. R. NELSON - I would like to ask this Commission today if I might have the privilege of submitting a brief or submission to you at some other point. I am not prepared today. When I was first notified that the Commission was coming here, I got a late invitation to appear, and I had to be away and have only just arrived back. But I will be

in a position within a month to prepare a brief, and I would like to have that privilege extended to me today.

BY THE CHAIRMAN: We will be back in the Maritimes, but not in Saint John, but if you come to us, Mr. Nelson, we will be glad to hear your brief.

(Mr. Nelson is of C. R. Nelson & Company, carrying on business at Fairville).

HEARING ADJOURNED

A.R.
C.XVII

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